



FOREIGN  
BROADCAST  
INFORMATION  
SERVICE

# ***JPRS Report—***

# **China**

---

## **QIUSHI [SEEKING TRUTH]**

No 6, 16 SEPTEMBER 1988

**DISTRIBUTION STATEMENT A**

Approved for public release;  
Distribution Unlimited

19980713 158

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

DTIC QUALITY INSPECTED

**China**  
**QIUSHI [SEEKING TRUTH]**  
**No 6, 16 September 1988**

JPBS-CAR-88-068

**CONTENTS**

*31 OCTOBER 1988*

[The following is a complete translation of QIUSHI [SEEKING TRUTH], a semimonthly theoretical journal published by the CPC Party School in Beijing]

Keep the Government Clean Along With the New System <i>[Gao Shan]</i> .....	1
It Is Imperative To Take the Road of Reform and Improve the Systems To Keep the Party and Government Organs Free From Corruption .....	3
Thoughts on the Crime-Reporting System <i>[Bai Huimin]</i> .....	5
Turn High Hopes Into Children's Strength for Making Progress <i>[Xu Yinglong]</i> .....	7
Create a Social Environment With Equal Opportunities for Competition Between Talented People <i>[Shi Xiping]</i> .....	10
The Key To Implementing the Strategy of Economic Development for Coastal Areas Lies in Deepening Reform <i>[Gao Shangquan]</i> .....	12
Great Shock, Great Change, and Great Development—An Interview With Zhou Guangzhao, President of the Academy of Sciences of China <i>[Guo Jinping]</i> .....	18
Brief Discussion on the Identity of Development of the Commodity Economy and Development of the Productive Forces <i>[Xiong Yingwu]</i> .....	25
Bureaucratic Politics and Bureaucratism in the Feudal Society of China <i>[Bai Gang]</i> .....	30
On Reading <i>An Outline History of the Relations Between Communist International and the Chinese Revolution</i> <i>[Gao Fang]</i> .....	35
Some Major Views Concerning Price Reform in Theoretical Circle Discussions <i>[Wu Jian]</i> .....	38
An Opinion Differing With the Expression 'Enlivening Land-Use Rights in Rural Areas'—A Discussion With Comrade Li Qing <i>[Tie Wen]</i> .....	40
Extravagance and 'Poverty' <i>[Shi Mang]</i> .....	41
Cleaning the Pigsty <i>[Xin Fengxia]</i> .....	43
Melding History and Literature—Reading the Novel <i>The Southern Anhui Incident</i> <i>[Zeng Wenyuan]</i> .....	44
Examples of Dry Swimming <i>[He Feng]</i> .....	45

**QIUSHI [SEEKING TRUTH]**

No 6, 16 September 1988

**Keep the Government Clean Along With the New System**

*HK0710023788 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Sep 88 pp 2-5*

[Article by Gao Shan 7559 1472 of the Research Center of the CPC Central Committee for Political Structural Reform]

[Text] 1. Focusing on the question of "government image," some contrasting social phenomena have recently evoked heated debate. For example, on the one hand, the reforms carried out in various fields by governments at all levels have rapidly increased China's national strength and markedly improved the people's living standards; and on the other hand, with the accumulation of these achievements, people have increasingly tried to pour out their views and even grievances to the government as if the government should do more. On the one hand, people have taken note of the government changing its functions and introducing the market mechanism to the fields of material life; and on the other hand, proceeding from different reasons, they are upset by the currency and market related change of some government functions. Hence, they have expressed indignation against the social phenomena arising therefrom. People hope that the government, in the course of delegating its powers, will provide social groups with more options. They have realized the useful readjustment of China's social relations from the constantly increasing social vitality. However, they have complained a lot about the confusion arising from the readjustment.

The clear contrast can easily make each side stick to its own argument. Many people cannot forgive the latter phenomenon because they hate all kinds of corrupt practices in the substitution of a new system for the old one. Based on the former phenomenon, however, there are some people, government functionaries in particular, who feel wronged at the censure of the masses and hope that recent government work is fairly assessed. How then, should we acquire a correct understanding of the question of "government image"?

2. The objective understanding is possibly within the mutual relations of these contrasting phenomena. First, we should be aware that the basic features of the product economic system are still preserved in China's current government organizations and their functional distribution and wielding of powers. They are suited to management under administrative mandatory planning. Both the manager and those under him are under effective control within this scope. Once they go beyond it, the system will lose its efficacy. The reforms introduced in recent years have brought more economic activities onto the track of the market. As a result, large numbers of

management fields have gradually been disassociated from government administration. Within the scope of the market mechanism, the government management organizations and their management rules are imperfect, there is a shortage of management means, and the majority of the government functionaries lack management experience. As the government could not exercise effective control over the market and the behavior of its organs and functionaries, corrupt practices of every description emerged under such conditions.

Second, it is inevitable that reform must undergo a transitional period. The most difficult thing to be dealt with during this period is transforming the old order while a new order has not yet been established. Thus, it is necessary to accept the challenge of a series of transitional problems. To steadily promote reform and also prevent drastic economic and social turbulence, we reformed the old system of state purchase of farm produce, but we maintained government monopoly for some principal farm produce in the sales link; we reformed the old system which exercised control over enterprises by administrative mandatory planning and gradually extended the management powers of enterprises, but maintained some powers of the government in approving enterprise investment, labor, wages, and prices; we reformed the old method of material distribution and lifted the controls on the market for means of production, but maintained the powers of planned distribution of basic raw materials and energy products; and we effected a change in the functions of some government departments and separated the functions of the government from enterprises, but we also established some administrative companies to temporarily undertake the powers to be delegated. The special economic operation links during the transitional period have taken shape at the crossroads of these new and old factors. In these special links, although both the law of administration and law of value are playing a role, they have not found the correct track they should follow. In fact the government is taking part in economic activities between the two tracks. This provides certain government functionaries the opportunity to abuse their administrative powers to seek profits from the market.

Third, reform has readjusted the structure of social interests as a whole and all social fields now have the problem of taking into account their own interests. Hence, the practices acceptable under the old system have become intolerable now. Take the question of exaction of charges in addition to the taxes imposed by the government departments, for example, the production, supply, and marketing of enterprises were ensured by state planning in the past and the competent departments exercised total control over their revenue and expenditure. Therefore, the exaction of charges affected the distribution of interests between the government departments rather than the relations of interests between the government and enterprises. At present however, these problems are directly related to the vital interests of enterprises and broad ranks of workers. Take

the "backdoor transactions" as another example, this unhealthy tendency was actually a chronic disease under the administrative mandatory planning system. This was acceptable in the past because enterprise operation had nothing to do with its vital interests and the extra funds and raw materials obtained through "backdoor dealing" merely involved the operation environment of enterprises, but did not affect their practical benefits. At present however, these problems will result in unequal position of enterprises in market competition and lead to a wide gap in the interests gained. Consequently, the new concept of value and standards for right and wrong established along with the change in the structure of social interests will bring the phenomena never discussed in the past, into the sensitive category of corrupt practices.

In light of the above analysis, we can draw the following conclusions: First, there are many corrupt practices in the current society which are directly or indirectly related to the ongoing reform and which are gradually being exposed and intensified in the course of reform. For this reason, we are fully confident that their harm to society will decrease and they will gradually be eliminated along with the deepening of reform and the establishment of the new system. Second, proceeding from the same reason, we should also be aware that ideological and moral education should not be neglected while waging struggles against these practices. Nevertheless, the most important task lies in the structure and system. Without a substantial change in structure and system, keeping the government clean in the new period will be only empty talk.

3. Although we have revealed the economic and social background of the corrupt practices and pointed out the protracted nature and arduousness in eliminating them, we do not deny the fact that the legislative, judicial, and administrative measures may be more effective in putting these malpractices under control. The political development history of all countries has proved that the establishment and perfection of supervision over government administration is one of the essential means of keeping the government clean.

It is a pity that the weak points in China's current supervisory system have restricted its effective role. The weak points include: First, we have established a number of supervisory and auditing organizations within the legislative, judicial, and administrative departments and legally entrusted them with the functions of exercising supervision over government administrative activities and government functionaries. As China's political system lacked the necessary mechanism to restrict powers for a long period in the past, the actual powers were centralized by the party and government organs, while the functions of other supervisory organs were not earnestly guaranteed by laws. Hence, the supervisory system existed only in name and could not give play to its role. Although a change has been effected in this state of affairs recently, the extent of the change is limited.

Second, there is a special supervisory system in our party and government organs. As the functions of the party and government were not separated and the party performed the functions of government, the supervisory powers of the government were excessively exercised by the party organizations. The limitations of judging complicated administrative behavior by party discipline and restricting the administrative activities with ideological or moral influence are quite obvious. Moreover, the special supervisory organs set up in the government cannot independently perform their functions according to law. As they are weak and incompetent, resulting in the "gaps" in administrative supervision, they can only be filled by the "will of the officials." To date, this constitutes a major defect in China's administrative structure.

Third, we have enacted a series of laws and regulations for administrative supervision. Objectively speaking, the number of these laws and regulations is alarming. These regulations have the following common defects: First, the rigorous morality and strict demands of the regulations are hard to attain; second, the abstract and flexible explanations of policies are hard to enforce; and third, the oversimplified stipulations that lack the necessary procedures are hard to implement. To make up for the defects, the arduous tasks of systems building lie ahead of us. We should do a great deal of work to draft, revise, and perfect the systems.

To sum up, we should wait for the introduction and deepening of political structural reform to find a prescription to cure corrupt practices. In this regard, the problems are similar to those in the economic field. Nevertheless, it is gratifying that the 13th Party Congress has put political structural reform on the agenda. Over the past year or so, the changes in China's political field such as the relations between the party and government, the establishment of government organs, and the reform of the cadre personnel system, people's congress, and judicial system have developed steadily. All this has provided favorable conditions for overcoming the defects in the supervisory system and for perfecting China's administrative supervisory system. The trend of development ahead is optimistic.

4. Along with the establishment of a new socialist commodity economic order and the building of a new administrative supervisory system in the course of reform, the introduction of mass supervision in the work against corrupt practices constitutes another essential measure for keeping the government clean.

It should be noted here that such mass supervision is essentially different from the so-called "mass dictatorship" which we suffered from in the past. Without institutional standards, "mass dictatorship" was another form of feudal autocracy. Mass supervision can be realized only through a series of institutional process: First, the masses should select their own representatives

according to legal procedure and through these representatives turn their will into the laws and regulations enacted and examined by the people's congress; second, they exercise supervision over the government departments and functionaries in light of these laws and regulations and then lodge complaints with the state organs or mass media in accordance with the legal means and methods; and third, the complaints are dealt with by the special organs according to law. In other words, mass supervision which has a distinctive characteristic of democratic politics can be effective only by undergoing the procedure of "legislation by the people's congress—complaints lodged by the masses—complaints dealt with by the special organs according to law." By introducing mass supervision into the work against all kinds of corrupt practices, we can increase the pressure on keeping the government clean and also push forward the building of socialist democratic politics and promote social progress through combining legislation with judiciary and administrative supervision.

One of the prerequisites for strengthening mass supervision over the government is to increase the transparency of the administrative process, inform the masses of major issues, consult the masses about major policy decisions, and let the masses understand important laws and regulations. Viewed from the angle of eliminating corrupt practices, transparency means exposing things to the sun. Things usually become mildewed and rotten if they are not. The things that are not transparent are usually bad because they cannot be exposed to the sun. Our governments at all levels have enacted many rules and regulations in the course of administration. However, most of the rules and regulations were in the hands of the government departments in the past, and the masses did not know much about them. This gave rise to problems. Naturally, transparency cannot replace the specific regulations against corrupt practices. With more transparency, however, we can implement the regulations better. That is why the report to the 13th Party Congress repeatedly stressed democratization and openness of supervision over political activities. Leading cadres of the party and government organs should put themselves under social supervision.

Undoubtedly, strengthening mass supervision and increasing the transparency of the administrative process will limit to a considerable extent, the wielding of powers by the government functionaries. In a country like ours, however, all political powers derive from the people and must in turn serve the people. Hence, powers should be wielded under the people's supervision. As no political power is limitless, we cannot wield powers without restraint. In the course of eliminating corrupt practices, leading cadres at all levels should follow the basic principle of serving the people, be determined to set an example, and courageously cut off their retreat. To develop the economy, we need material interests to arouse initiative. To keep the government clean, we need party spirit, awareness, and a sense of social responsibility from party members.

5. This article has tried from the economic, political, and social angles, to prove one point, that is, eliminate corrupt practices and keep the government clean along with the new system. Instead of suppressing the hard-won new factors to resume the old balance, we should increase the new factors through reform to establish a new balance. Although corruption within the government is an age-old, universal political phenomenon which exists in all kinds of countries, is difficult to eradicate, and is also unavoidable in our country; although we are in a critical period of transformation in which the old system is being replaced by a new one and which may easily give rise to certain extent of confusion; and although some people are filled with indignation against the temporary confusion and have become disappointed, we will certainly be able to build a corruption-free government under new historical conditions so long as we treasure the choice made through painful setbacks, shoulder the mission entrusted to communists by history, and work hard in a realistic manner.

**It Is Imperative To Take the Road of Reform and Improve the Systems To Keep the Party and Government Organs Free From Corruption**  
*HK1210044388 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 5-7*

[Article by the CPC Committee and People's Government of Dongcheng District, Beijing Municipality]

[Text] To keep the party and government organs free from corruption has great influence on the people's will and plays a vital part in our reforms. Recently, the law enforcement organs of our district have carried out activities about "carrying out duties lawfully and free from corruption, strictly enforcing laws, serving the public, and managing the capital well." They conducted some investigations on the reform of, as well as the establishment of a system on keeping the party and government organs free from corruption.

Presently, the supervisory and law-enforcing departments, such as the industrial and commercial, taxation, public security, municipal administration, transport, urban planning, housing, public health, price, metrological, environmental protection, culture and relics, botanical, engineering project quality supervisory, water conservation, civil affairs and labor departments, employ more than 8,300 staff, among them some 3,000 are working on the front line. It should be affirmed that these departments played the main role in exercising the functions of supervision, management and service functions, in stabilizing the social order of the capital, and in ensuring the socialist commodity economic department. Most of the staff discharged their duties conscientiously and abided the law, so that they were praised by the masses. However, there were some people who took the practice of serving the people as "compensatory services" to them. They did nothing without any reward and did anything they were requested whenever they had rewards. They abused the authority entrusted to them by

the people to pursue personal gains, to practice corruption, and to abuse their authority, thereby undermining the prestige of the government and the image of being public servants.

A survey showed that the criticism of the masses on these departments were mainly: First, acts of levying arbitrary charges and fines. According to incomplete statistics, there were totally 52 kinds of taxes and charges levied on Dongcheng District's markets, of which 21 kinds of taxes (including 3 kinds of charges) were levied by the district Taxation Bureau, and 31 kinds were levied by various departments. The survey showed that the taxation departments levied such taxes and charges according to the tax laws of the state, the system was perfect, and they were, therefore, basically appropriate. But the problem was mainly about charges and fines. Let us take charges on markets as an example. The Industrial and Commercial Department should be responsible for market management after levying management charges thereon. But the industrial and commercial offices at the grass-root level also levied other kinds of charges such as charges for management of individual households, public health, and public security according to their special needs. On the grounds of exercising overall supervision of the markets, the office for comprehensive supervision imposed charges for comprehensive supervision and contracts on the facade areas in three aspects. Also, on the grounds of maintaining market order, the joint forces of the masses and public security guards levied charges for the work of the joint forces. In addition, there were various kinds of service charges. This put a heavy economic burden on businessmen. Likewise, the fines were extraordinarily light or heavy without any definite standards, which made businessmen more troubled. Second, they consumed, took, and asked for things. Some personnel took advantage of their authority and asked for benefits from enterprises and production businessmen, and took such enterprises and markets as their "points for procurement" of personal and households materials from electric home appliances to vegetables. Third, their work style was poor. Most people complained that there was a phenomenon that "they are coaxed away from their offices, attitudes of the personnel are poor, their words are rude and things are hardly done." Some of them also upbraided or even physically hit the masses. Though there was a suggestion box at the entrance to these departments, nobody dared to complain and the box only existed in name.

The investigation showed: First, though only 0.37 percent of the total number of personnel were punished by the party and government disciplines and law for violation of law and discipline, the problems were so serious that the masses strongly reacted to them, so that we must pay close attention to these problems. Second, the masses often criticized most sharply on a single or two problems about each of these departments, so that it is absolutely possible that we can solve them well. Third, though the central and local governments issued repeated decisions and notices on keeping the party and government organs free from

corruption, it seems that the problem has yet to be completely solved. In the wake of reforming, opening up and enlivening, the masses have become more emotional on issues about corruption, so that we must find a new way out to solve this problem well.

The reasons that our past systems were ineffective are the following: First, these systems were imperfect and did not conform to the requirements for the commodity economic development; second, the masses did not understand them so that the departments could not supervise the systems but just acted arbitrarily; and third, the provisions of some regulations and decisions, though being very strict in appearance, were difficult to be enforced or be used for checking the situation and thus existed only in name. In order to achieve the aim of keeping the party and government organs free from corruption, we must not just simply stick to general calls. We must not repeat our past practice of launching mass campaigns. Rather, we must take the overall situation into consideration when reforming, unwaveringly and earnestly educate the masses, and carry out our work in the normal order of work by relying on the ordinary organs. We must uphold the principle of taking practical actions and pursuing practical results. Starting from those aspects on which the masses criticized strongly and for which we are able to find a solution, we should carry out the work of standardization by stressing on focal points.

Our practice is mainly:

(1) to emphasize the construction of the ranks. We organized all cadres and personnel to seriously study important instructions and relevant documents of the central authorities, so as to strengthen their sense of voluntarily implementing the principle of making "the economy prosperous, and the government free from corruption." We mobilized all units to first start their work by summing up their experience in the work, confirming the achievements that they made, pointing out their shortcomings and putting forward their measures for making improvement. The whole district commended three successful offices, namely the industrial and commercial inspection station at the Beijing Railway Station, which carried out its public duties free from corruption and strictly enforced the law, the police substation at Chaoyangmen, which, during the past decade, strictly maintained the law and order without violating any law; and the municipal administration office at Dongzhimen, which carried out its work free from corruption and without violating any law. At the same time, we strictly dealt with crime problems and violation of the law according to the normal procedures. We insisted on taking the study of laws and regulations as part of the major contents of the work, so as to boost the concept of law among cadres and personnel and to overcome their arbitrary and blind actions in their work of law enforcement.

(2) to open the system of handling matters to the public. In order to safeguard the interests of the people concerning the participation in political affairs and the exercise

of supervision, the grass roots opened their system of handling affairs to the public so as to improve the public's understanding concerning their administrative activities. The contents of their system to be opened to the public were: First, the system of correctly performing the public duties by various governmental departments and their personnel. For example, they opened the criteria based on which matters were handled (such as laws, statutes and relevant regulations), process, procedures and the time limit for handling such matters, and rules on the conduct of law enforcing personnel (such as their professional ethics, discipline and codes). Second, they made known the result of work. We notified the public on a daily, weekly, monthly and annual basis the results of matters that have been handled whenever it was possible and required. Third, measures for supervision. We formulated interim regulations on acts of corruption, bribery and the abusing of power for blackmailing by citizens concerning government personnel. We set up internal monitoring institutions in various law-enforcing departments as well as telephone lines for reporting results of supervision, so as to let the social strata supervise these departments and urge them to discharge their public duties free from corruption.

(3) to establish a reporting system and institutes for handling such reports. After thorough discussions and preparations, and with approval granted by the upper departments, we established on 29 July, 1988, a report station under the Dongcheng District People's Government, thereby opening a new channel for the people to exercise their constitutional right of filing reports. The station focused its work on handling reports filed by civilians on acts of corruption, bribery and the abusing of power by government personnel. Anyone, regardless his sex, age, profession, party, region and nationality, had the right to file a factual report on what he understood. Members of the committee in charge of the supervision work were celebrities of the district nominated by the district CPC Committee and appointed by the government. No report station was allowed to close a case without the approval of the Supervisory Committee. At the same time, we adopted corresponding measures that were favorable to those who reported for maintaining their anonymity in protecting them. Within the 10 days following the establishment of the station, 54 cases were reported. In order to maintain the initiative of the masses in filing reports, we also transferred to relevant departments their reports about other problems. We held that the key to judging the quality of work of a report station rested with the number of cases in respect of which we made practical achievements and our work was praised by the public rather than simply the number of cases being handled. In addition, we could fully utilize the station as a bridge linking the government to the masses; and, by strengthening the cooperation between various departments in our district, we could promptly investigate and handle cases reported by the masses, seriously solve problems put forward by them, help keep the district's party and government organs free from corruption, and improve their efficiency. Similarly, to

set up report stations within the Supervisory Bureau is a significant experiment for implementing the administrative supervision in respect of which we need to constantly perfect our work through practicing.

(4) to consolidate the market management. Proceeding from the need for establishing a new order for socialist commodity economic development, we must first strengthen the power of supervisory governments and law-enforcing departments, give full play to the roles of functionary departments, while changing the previous pattern of market supervision in which there was neither any standard nor system. Second, we must correctly rationalize the relations among various functionary departments, and avoid creating contradictions by means of overlapping functions and duplicated management. We may set up on a preliminary basis a market management system based on industrial and commercial departments, and readjust functions of other departments taking part in the market management. We should make each of them have its own limits of authority and assume their own responsibilities, thereby creating a sound external social environment for the commodity economic development. Third, we must check the items of charges and establish a rational system of levying taxes and charges. We must also seriously check and consolidate the collection of fines, and gradually formulate specific regulations on the collection of charges and fines.

To keep the party and government organs free from corruption under the new circumstances is a new task before us, in respect of which the CPC Central Committee has pointed out the direction. We must unswervingly proceed from reality, constantly conduct investigations and implement the work.

**Thoughts on the Crime-Reporting System**  
*HK1210102288 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Sep 88 pp 7-9*

[Article by Bai Huimin 4101 1979 2404 of the Central Research Center for Reform of the Political System]

[Text] According to BEIJING RIBAO, the government of Dongcheng district, Beijing, established a crime reporting station on 29 July. It deals with reports and prosecutions by members of society on corruption, bribery, manipulation of power for personal gain, and extortion by government employees.

According to SHIJI JINGJI DAOBAO, the crime reporting center in Dongcheng district, Beijing, is "the first organ set up by the administrative supervisory system for the people to report crime." "It tries to correct government officers' corrupt behavior with crime-reporting by the people, and thereby introducing a new element—social supervision—to the longstanding system of self-discipline in our administrative organs. This

new element will closely link reform of our administrative system with building socialist democratic politics, and in turn promote political modernization in China."

### I.

The supervisory system has a long history in China. Throughout the centuries good emperors and prime ministers knew that when the officials were upright, society would be peaceful. They also understood that whether or not the officials were corrupt was related to the people's well-being. Therefore, they all attached importance to rectification of malpractices by officialdom. During the 2000 years and more from the Warring States to the end of the Qing Dynasty, a comprehensive and meticulous imperial system for supervising official was formed. This system was certainly effective in keeping the officials on the right track, buffering social conflicts, and guaranteeing the normal operation of the ruling mechanism. However, it also contained insurmountable shortcomings which were inherent in the feudal dictatorial system.

Although the imperial supervisory official had the power to impeach other officials, whether or not he could exercise his power depended largely on the emperor. When the emperor was enlightened and respected the law, the imperial supervisory official could generally exercise his power. When the emperor was fatuous and ignored the law, the power of the imperial supervisory official was weakened. The latter would be unable to do anything about the corruption and the imperious and despotic behavior of eunuchs and officials. Because of its dependence on the emperor the supervisory system rose and fell with the imperial dynasty and could not escape the fate of not being binding.

"The emperor as model for his officials" is a behavioral code from the feudal age. Loyalty to the emperor was a political duty of officials of all ranks. Therefore, the basic premise of the imperial supervisory system was not to discipline the officials' behavior toward the people. Rather, it was to check whether they were loyal to the emperor. As the emperor's spy, the imperial supervisory official was responsible to the emperor alone and his political fortune also depended on the emperor. Therefore some people abused their power or even framed innocent officials in order to please the emperor. It is true that in Chinese history there were upright imperial supervisory officials who carried out their duties and were not afraid of powerful officials. However, there were more who defended corrupt officials or even joined them in their corrupt practices.

In sum, the ancient imperial supervisory system was a system whose effectiveness depended on who was in power. Those at the top supervised those at the bottom within the ruling group. The system could punish individual corrupt officials but it could not eradicate fundamental corruption. Precisely because of this, where there

was power, there was bribery. The phenomenon would intensify until the dynasty collapsed and was replaced by a new one. Isn't this a lesson for us?

### II.

Although we lacked experience in setting up an administration during the early phase of the PRC, we did not neglect the important link of administrative supervision. At that time, the Government Administration Council set up a People's Supervisory Committee. (It became the Ministry of Supervision in 1954.) Close to 4000 supervisory organs were set up. They played an important role in getting rid of the corruption left behind by the KMT government and in guaranteeing the correct implementation of state policies, laws, and planning. Unfortunately there are always regrets in history. From the end of the 1950s to 1986, the Ministry of Supervision as an organ specially set up for administrative supervision was suspended for over 20 years.

The 10-year Cultural Revolution was a disaster to the democratic system. It was a traumatic experience from which it was difficult to recover. Because of this, when we face waves of reform and changes in government functions, and when the behavior of government staff needs effective discipline, our administrative supervisory system appears to be unprepared for its work.

Under the new conditions of the active development of the commodity economy, and because of the people's anger about corrupt practice, the masses raise the imperative demand that our supervisory system, especially the administrative supervisory system, be developed and perfected so as to effectively prevent and overcome illegal erosion of the people's interests by those who offend the law. This is also an important component of our democratic political construction. There has been much discussion on this question, the most important point of which is: How do we overcome the flaws in the supervisory system itself? These flaws are manifested in three ways and while their intentions are good, the demands are too high. To demand that the majority of the people aspire to being saints and people of virtue because only then can the system prove itself to be advanced, will lead to a divorce from reality. Second, there is too much emphasis on the principle and too little on feasible operation and the extent of operation. The system appears to be empty and ambiguous. It is flexible and looks like as though there is "creative" space for the executor when he is actually at a loss. Flexibility in the system also leaves opportunities for those trying to take advantage of it to commit corruption. Third, there is a lack of procedures for execution of the system. It is not clear who should execute, who should supervise, and what to do in case of violations against the system. These flaws have greatly undermined the utility and authority of the system itself and reduced it to a "soft discipline" that is not systematically executed.

For many years the highly centralized political and economic systems, and the incessant mass movements, have covered up these flaws in our administrative supervisory system. With the development of the commodity economy and the stronger desire and ability of the people to pursue their self-interest, simplistic thinking and moral identity can no longer fit the complicated social life. Therefore, an important aspect in strengthening the administrative system is to discipline people's behavior and formulate more concrete and feasible laws and regulations.

### III.

The people's crime reporting system in Dongcheng district, Beijing, has effectively introduced people's supervision to the system of internal supervision, and thereby created a new situation in which "the state formulates laws and regulations, the people supervise and report malpractices, and the specialized organs investigate and handle cases in accordance with the law." In this way it has brought a very significant change to our administrative supervisory system.

In the feudal society, the masses did not and could not possibly have the right to supervise government officials. The nature of socialism determines that the party and the government must be under the supervision of the masses. The Chinese Constitution stipulates that the masses "have the right to complain, prosecute, or report to state departments concerned about violations of the law and dereliction of duty by state departments or staff." However, for a long time this right was not exercised and the problem of the existence of reporting and absence of supervision was still there in real life.

In the 1950s, together with the People's Supervisory Committee, the people's supervisory and reporting system was set up. There was a people's reporting room at all levels of supervisory station, and several times the State Council requested that the work of handling the people's letters and visits be strengthened. After shattering the gang of four, the work on people's letters and visits was further strengthened, and party and government organs at all levels generally set up organizations to handle such work. Besides, there were direct lines for the people to telephone the mayor, people's opinion boxes, etc. It is said that in recent years the central party and government have received more than a million letters from the people each year. A considerable number of letters are reports and prosecutions about government staff violations against the law, dereliction of duty, bureaucratism, and corruption. However, all this has not formed an effective mass supervisory force. The reason lies in our lack of a comprehensive people's reporting system to realize the people's right to report. The nature of the letters and visits department decides that its basic work form is to reflect to the top level government and to forward the letters. The department itself does not have the power to directly investigate or handle the cases. Some letters and visits departments are not serious about

their work and often do not respond to people who send letters. As a result the masses are disappointed with these departments. The value of the people's crime reporting system lies in its clear definition about the extent of the people's power to report crimes and the form and procedures of reporting. First, all who know, regardless of age, sex, occupation, party, district, or nationality, can report crime in various ways. This shows the wide scope of the people's supervision. Second, the subject and scope of crime reporting are limited to corruption, bribery, manipulation of power for personal gain, and extortion by government staff. These are questions to which the people react most strongly. Third, the crime reporting stations strictly respect the reporter's confidentiality. The reporter must be informed in time about whether the report can become a case and the results of the investigation. This is a change from the delayed and perfunctory practice before and all cases reported are looked into. Fourth, the crime reporting stations have the essential power to handle the cases, and can investigate and decide on them. Fifth, people's representatives and members of democratic parties are hired to form a "supervisory committee" to check the filing of cases for investigation and prosecution, the closure of cases, and to see if the staff perform their duties properly. In this way the supervisory staff themselves are supervised. These regulations also make the people's supervisory system systematic and procedural. The people's power to supervise shows that justice has a long arm. This power is combined with institutional administrative supervisory means in the form of crime reporting centers to form a new mechanism to effectively control corruption and bribery.

We passionately hope that the crime reporting station in Dongcheng district, Beijing, and other people's crime reporting organizations elsewhere in China will not disappoint the people. We hope that they will demonstrate with their effective work that socialist nations and people disapprove of corruption, and that socialist nations and people can prevent and eradicate it.

### Turn High Hopes Into Children's Strength for Making Progress

HK1110124388 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 10-12

[Article by Xu Yinglong 1776 2019 7127 of the Beijing Education Research Institute]

[Text] Family education is the basis of social and school education. It merits the attention of the whole society. In recent years, a large number of parents have been commended all over China for their advanced experience in educating their children. On the other hand, newspapers and periodicals have published stories of failures in family education. Examples are "the death of Xia Fei" and "the murder of a professor and his wife by their son." We can benefit from an analysis of the above cases and shocking tragedies. There is a sharp contrast

between the results of these two kinds of parental education. However, their starting point is the same, i.e., they hope their children will be good. Xia Fei's mother wrote in a letter just before her death that "he is my own son, my only child; I like him, I love him;" and "I never thought education would lead him to such a tragic result." It is true. Now, why did the same intention lead to contrasting results?

Failure in family education is mainly caused by unrealistic parental expectations for their children and wrong methods. It is normal for parents to have high hopes for their children. If parents are not concerned about their children and do not care what kind of people they will become in the future, they are not good parents. Practice has proved that high parental expectations for children are needed to create a good psychological environment for the development and growth of children. They can also extend parental love and concern for children from the present to the future and ensure a more harmonious and lively family life. This is because high parental expectations for children bring happiness that can affect the children so that the latter will become positive, lively, and healthy. Because of their expectations, parents pay more attention to observing how their children behave and change. They try their best to think of ways to create favorable conditions and environments for their children to grow in and try to reduce irrationality in the "nurture and education. They find happiness in the progress their children show. Children can understand from their parents' happiness the sincere meaning embodied in their parents' expectations for them. They will understand their parents' minds and in turn understand the new interpersonal relationships and the meaning and responsibilities of life. Parental expectations are a spiritual power that inspires children to take initiative in, and be voluntary about; receiving education and self-education. Children have high aspirations and perseverance.

However, if parents have unrealistic expectations for their children and use methods that hurt them, the results will not be as expected. At present, some parents ignore their children's characteristics, the pattern of their growth, and use wrong methods to try to boost results. This will only cause tension between parents and children. Parents must review their family situation. Parents' hopes can be expressed in the form of expectations, but expectations are only expectations. They can lead children toward the same psychological inclination as their parents'. However, not all expectations will come true. Often, the higher the expectations, the more likely the disappointments and the less likely the possibility of their coming true. It is particularly so in today's world which develops so fast and which is full of temptations for children. The nation needs may kinds of talents and provides a lot of space for children to demonstrate their skills. Parents should try to understand their children in the course of their growth and form their expectations according to the change in their children. Expectations that are unrelated to change are just empty expectations.

Some parents have excessively high plans for their children because of their subjective will. Some parents set goals for their children before they are born or when they are young. For example, they decide their children should learn a certain specialized skill or be experts in a certain field; or they want their children to fulfill a dream that they failed to fulfill when they were young; or they want their children to succeed so they can get out of their own predicament. Because of their eagerness, they set up many harsh measures to "nurture" their children, such as the number of exercises to do, the score to obtain, and the do's and don'ts. In short, the children cannot have their own character. When they cannot live up to their parents' expectations, they will be frustrated and use different means, such as sarcasm, ironical remarks, threats, beatings, and scolding to force children to do as their parents order. This will only cause hostility between children and parents.

Parents' subjective will hurts their children's hearts, suppresses their growth, their unique quality, kills their intelligence and personality. When children's hearts are seriously abused by their parents, the following phenomena will appear.

First, the children become obedient and passive. They do everything according to their parents' orders and arrangements. They lack initiative and independent views. Even worse, they lose interest in living. They are inert and even lazy. Unless forced, they do nothing.

Another phenomenon is the children become hostile to their parents and resist in different ways. Most children today react in this way. A young child's parents forced her to learn to play the piano. She hated the piano so much that she bit it with her teeth. Older children resist their parents in more ways and more vigorously. Some fear punishment and so lie to their parents. Some cannot stand the pressure on them to study and hate it. Others run away to escape the boredom of their family. In more serious cases, parents or children lose confidence in themselves and commit suicide, or parents and children kill each other.

Family education is a science. There must not be any subjectivity in it. Therefore, the key to family education lies in using scientific methods to educate children and help them to grow healthily. Pedagogically, the conflict between parents and children is caused by parents. Parents should help their children to progress and develop in ways that correspond to the latter's performance. Therefore, they should create a good environment at home for their children to grow healthily, grasp the pattern of and change in growth, and analyze their children's physical and psychological characteristics and teach them in a suitable manner. At the same time, family education must be integrated with social and school education in a realistic way in order to arrive at good results. In recent years, some places have set up parenting schools which is a good way of upgrading

family education. There parents can learn the scientific knowledge of family education and grasp good methods to educate their children. The results are remarkable.

Due to differences in children's diverse family background, their parents' educational level, and among children themselves, educational methods vary. However, there are several commonalities.

First, we must try to understand children. Children are living beings with flesh and blood, they are growing. All children have the same growth pattern. At the same time each child has his/her uniqueness. The effect of family education depends upon our understanding of children. Before we have expectations for children, we must first understand them. Old ideas on education can change only when we have new understanding about the object of education. To understand children, parents must keep observing them and know the changes that happen during their growth. Parents should compare their children's performance with their scientific knowledge and theories to know about the major contradictions in children's physical and psychological development at different ages and how the contradictions are expressed, e.g., the development of thinking in terms of images or in abstract terms; changes in interpersonal relations, etc. Parents who think that children are simple, that there is no need to understand them, and that innocent children are easy to deal with are ignorant about pedagogy. Many wrong and inappropriate educational thoughts, measures, and methods arise because of such ignorance.

Second, we must respect children. This has a threefold meaning. First, we must respect children's own characteristics and their actual development. Children develop with their own strength. To "try to help the shoots grow by pulling them upward," i.e., to boost children's development with excessive enthusiasm, violates the objective law of children's development. Second, we must respect children's personality. Some parents think that they gave birth to children and therefore can order them about. This attitude will only spoil children's innocence and hurt their personal development. Third, respecting children is an educational process and means to help children to learn to respect themselves and others in international relations. Children who do not respect themselves are difficult to educate. If parents do not respect their children, it will be difficult for children to respect themselves.

The secret of success in education is to respect children. Parents can find out about children's potential intelligence by observing them carefully. Once something is identified, parents can immediately train children in that aspect. However, when their children have new interests and talents, parents must adjust to them by changing what they think and do about the children's previous interests and talents. This is because children grow fast and everything is changing during their growth. Their good qualities do not show all at the same time. For

example, some children are interested in art and literature before the age of 10, but by age 13 or 14, they become interested in math and science. Parents should know that the change is due to children's exposure to new knowledge and change in the development of their thinking. They should be supportive to the change and not complain about previous efforts being wasted.

Parents should guide their children to accept or refuse to do something in a democratic manner that allows for discussion with their children. This can help to foster their children's initiative and self-awareness, and children will realize the value of their willpower. Children in secondary school especially need parents' respect. Parents should discuss with them issues that concern both, such as how children get along with each other, family life, school activities, life, national affairs, etc. The more opinions children express, the more they feel respected, and the more they are concerned about people and things around them. Also, parents will know more about their children and have more opportunity to enlighten them. They should allow their children to have different ideas and guide them to seek and obey truth, not to obey parents.

Next, parents should insist on reasonable demands. To understand and respect children is a prerequisite for raising reasonable demands. Without demand it is not education; but unreasonable demands are anti-educational. Only demands that are reasonable and persistent will produce expected results. Reasonable demands are those that take into consideration the children's actual ability and characteristics, respect their interests, and make realistic demands. Children should be able to meet the demands after making an effort. Expectations should not be so high as to be unattainable.

Many parents think that the demands on their children are naturally reasonable. Actually, there are no parents in the world whose demands on their children are absolutely correct. Failures in education often have their roots in parents' unreasonable demands. Even if the demands are reasonable, parents should still create favorable conditions and an environment for their children. Some parents ask their children to do homework while they themselves watch television or play poker. To the children the demand will be less than reasonable and it will be difficult for the parents to insist on it.

Lastly, parents should understand and sympathize with children who have committed mistakes. Children live in a complicated society. They cannot do everything to just the right degree. It is inevitable for them to make mistakes in a certain aspect, at a certain stage, or on a certain thing. Parents must be psychologically prepared for this and be ready to forgive them. Parents who do not allow their children to make any mistakes are unwise. Human society went through many grave lessons before it found a more correct direction and road than before. In the process of socialization we can learn from failures and our will becomes stronger under adversity. Parents

must allow their children to make mistakes and use those mistakes to guide the children toward maturity. When a child has got a poor score in an exam, or made friends with people he/she should not befriend, or fought with other children, or even stolen someone else's things, the parents must stay calm but serious. Stay calm for a few minutes, or a few days, and think. Try to find out if the child's mistake is related to what you have said and done. Parents should shoulder the responsibility while analyzing why the child has committed a mistake and discuss with him/her ways to prevent future mistakes or correct them. In short, parents must try every means to turn high expectations into strengths for their children to make progress and help them to overcome all negative factors in the course of their growth.

### **Create a Social Environment With Equal Opportunities for Competition Between Talented People**

*HK0710125588 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 13-15*

[Article by Shi Xiping 2514 1585 1627 of the CPC Central Committee's Organization Department]

[Text] Like equal competition in the economic field, competition between talented people should also be conducted under the prerequisite of equal opportunities. In the course of introducing competition for personnel management, how to create a social environment with equal opportunities for open competition between talented people is an important problem demanding a prompt solution.

1. It is necessary to put an end to the outmoded practice of promoting people according to seniority, which suppresses their enterprising and creative spirit, so that ideological obstacles to equal competition between talented people will be removed.

For a long time in the past, due to the pernicious influence of feudalism and as a result of the egalitarianist practice of "everybody eating from the same big pot," many decadent concepts and habits seriously hampered the growth and use of talented people. In such circumstances, it was difficult for young, talented people to display their talents. For example, people were not appointed on their "merits" but by "seniority" instead. Many localities and departments adhered to the pattern of "grading people according to seniority," thus making no distinction between the talented and the stupid. They thought this was a matter of course. Some young, talented people had no alternative but to endure lengthy service before they could be promoted. Let us give another example. Jealous of others' talents, some people did not allow others to display their talents but would rather see them waste their talents. If anyone tried to "display his talent," these people would "crush to pieces the part that showed up first!" As a result, "success invited slander" and "he who lifted his head got shot

ahead of the others." In such circumstances, some talented people had to remain reticent. On the one hand, these decadent concepts and habits made it impossible for talented people to display their talents for the sake of modernization; and on the other, cowards who rested content with things as they were and mean people who were good at gaining advantage by trickery had the opportunity to be promoted. This seriously harmed the enthusiasm and enterprising spirit of talented people.

This situation has greatly changed as a result of deepening the reform of the cadre and personnel system over the last few years. In particular, the introduction of a competitive mechanism for the enterprises' contract system has enabled a large number of talented managerial personnel to take up different leadership posts through equal competition and has provided unprecedented conditions for fine entrepreneurs and talented people to display their talents on an equal basis, thereby bringing about a profound change in enterprises' personnel systems. However, in the course of perfecting the enterprises' competitive mechanism and introducing the competitive mechanism for the management of personnel in other units, some outmoded and traditional concepts detrimental to the exploitation of talents still exist, and all sorts of ideological and conceptual obstacles are obstructing the effort to create a social environment in which there are equal opportunities for competition between talented people. For example, some people confuse self-recommendation with "showing off"; others satirize those who go in for open competition as people with "wicked ambitions"; still others say that it is all right for enterprises to engage in equal competition, but confusion will emerge if party and government organs participate in open competition, because this is "allowing people to ask for official positions"; and there is fear that encouraging competition will stimulate the growth of individualist ideas.

Therefore, in introducing the competitive mechanism for the management of all types of personnel and in creating equal opportunities for competition between talented people, it is necessary to renew these people's concepts, to remove conservative ideas, to thoroughly break away from the bonds of outmoded ideas, to eliminate all ideological obstacles, and to combat all factors that suppress and ruin talents.

2. It is necessary to eliminate the closed, traditional method of selecting cadres, a method derived from "Bo Le selecting horses in a corral," so that talented people can have equal opportunities for competition.

In the past, there was a serious shortcoming in the way we selected cadres. In the past, we appointed cadres through internal discussions after the pattern of "Bo Le selecting horses in a corral," instead of selecting them after knowing them well on the "race course" or by relying on more people in society. As a result, talented

people could not have equal opportunities for competition and those with mediocre ability were retained in their positions. Many people have been expecting the selection and appointment of cadres through open and equal competition.

The competitive mechanism is now being introduced for the management of enterprise personnel. The practice of selecting cadres through open competition in many localities and departments has proved that restricted by old conventions, talented people in the past could not display their talents. Now they have the arena and opportunity to encounter challenges, and this has expanded the scope and improved the quality of selecting and appointing talented people. In an environment of competition, equal opportunities are provided for the participants, and talented people can display their talents on an equal basis. Whether one can take the right opportunity and stand the test depends on one's ability. In this environment, entrance by the back door or promotion by pull or kinship will not be permitted, real talents will not be overlooked, incompetent people will not be able to pass themselves off, and malpractices in selecting and appointing people will be effectively stopped. Apart from greatly developing socialist democracy in the selection and appointment of cadres, this will encourage extensive competition in society, give play to the superior, eliminate the inferior, improve people's quality, and develop their enterprising, creative, and competitive spirits.

Therefore, enterprises should improve and perfect their competitive mechanism in personnel management. In addition, as stipulated by the state civil service regulations, state civil servants must take part in examinations and open competition; the selection and appointment of cadres in charge of party affairs as well as of working personnel in state procuratorial and judicial organs must be carried out through open and equal competition, and they must be set examinations before appointment; and the management of personnel in institutions must be further improved and perfected, and a more flexible and open method must be introduced so that talented people can be selected and appointed through open competition in society. In short, the principle of open and equal competition must be introduced for the selection and appointment of all types of talented people. In this way we will create an environment with equal opportunities in wider fields for talented people to display their talents.

3. It is necessary to perfect the system of promotion based on achievements and to persist in the principle of treating people as equals in face of achievements.

Because we have not taken full account of work achievements in our management of cadres, lack competition, and are divorced from the principle of judging people according to their contributions, the bad habit of being divorced from practice and of refusing to do actual work has emerged. Judging cadres by occasional performances instead of by long-term achievements in work still finds

support among some people. Some cadres are in the habit of refusing to do actual work. This is corroding cadres' thinking. Comrade Zhao Ziyang pointed out in his report to the 13th congress that it is necessary to judge cadres' achievements in their adherence to the four cardinal principles and persistence in reform and opening up to the world and to appraise their merits and demerits according to this criterion. We frequently say that we should use cadres according to their morality and ability. It is true that "morality" is of primary importance, but "achievements" constitute a comprehensive factor that can explain the quality, morality, and ability of a person from different angles. If achievements are belittled, the concept of morality and ability will become infinitely flexible. If a society does not take people's achievements and actual ability as the criterion for selecting and appointing people, an environment will not take shape in which talented people keep coming forth in large numbers, nor will the mood to work hard and forge ahead appear, and the society itself will not be full of life and vitality.

Therefore we must perfect the promotion system based on achievements, pay particular attention to achievements, and encourage competition. We should not base our judgments of people on what they say about their qualifications but on what they can actually do. We should take their actual achievements as the criterion for judging their contributions, their thinking, and their ability to exercise leadership. The personal responsibility of working personnel should be regularly subjected to strict checks so as to promote the excellent, retain the competent, replace the mediocre, and fire the wrongdoers. No one is allowed to hold down a job without doing a stroke of work. Under this criterion, no one is allowed to gain advantage by trickery or to seek promotion by pull or kinship. What is required is to work for the happiness of the people, to develop the productive forces, and to make contributions to the socialist cause. Only in this way can the spirit of equal competition be displayed in the promotion, demotion, and dismissal of working personnel and a standard obtained for measuring their achievements.

4. It is necessary to perfect the social regulatory mechanism and to create a social environment in which working personnel can rationally flow and select their jobs.

Without the rational flow of talented people, there can be no equal competition between them; and without putting an end to "departmental ownership" of talented people, there can be no opportunities for competition between them. China is seriously short of talented people, but at the same time the initiative of talented people cannot be brought into full play because of retaliation, jealousy, "subordination," or complicated "relationships." Moreover, because some people are content with things as they are, they are not willing to display their enterprising and creative spirit.

Therefore, to create equal opportunities for competition between talented people, it is necessary to perfect the social regulatory mechanism and to build an environment in which the employing unit can make a free choice of talented people and individuals have the right to decide where to work. This is called "two-way selection." The employing unit can select talented people through various channels and in various manners. Individuals can also select jobs according to different conditions in different units. In this way the employing unit and individuals can have equal conditions and opportunities for selection.

To facilitate the rational flow of talented people, our country should be equipped with at least two conditions. One is an economic condition that will help promote the rational flow of talented people. Because the tertiary industry in our country is quite underdeveloped and its socialization is still at a very low level, many services that should be provided by society are provided by enterprises and institutions. As a result, talented people have to rely on enterprises and institutions and would find it hard to live should they leave. This is the reason many people are afraid of the optional flow of talented personnel and fear reselection of occupations. This situation must be changed as soon as possible and efforts should be made to realize the socialization of welfare and insurance. Take housing as an example: At present houses are distributed by enterprises and institutions to their personnel. This is the greatest form of welfare provided by enterprises and institutions for their personnel, but at the same time constitutes a major obstacle to the rational flow of these personnel. Therefore, to ensure the rational flow of personnel, houses must be commercialized. In the course of realizing the socialization of welfare and insurance, it is also necessary to set up employment services to introduce occupations to personnel and to provide relief funds for job-awaiting people. The other is a legal condition beneficial to the rational flow of working personnel. It is necessary to work out laws and regulations concerning the rational flow of personnel. Whether the flow of personnel is rational or not should not be determined by personal judgment but should be provided with a legal basis. In addition, there should be explicit legal provisions on the employment, dismissal, and resignation of the relevant personnel. Apart from this, there is also a need to set up an arbitration system and arbitration organs to arbitrate or mediate disputes between employing units and personnel and to protect the legitimate interests of employing units and personnel.

#### **The Key To Implementing the Strategy of Economic Development for Coastal Areas Lies in Deepening Reform**

HK1310005288 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Sep 88 pp 16-20

[Article by Gao Shangquan 7559 1424 0356 of the State Structural Reform Commission]

[Text] The strategy of economic development for the coastal areas worked out by the CPC Central Committee

is a product of summing up experiences in reform and opening up over the past 9 years in our country. It is a continuation and development of the policy of opening up. It is of profound and far-reaching significance in both theory and practice. The implementation of the strategy is a process of expanding opening up, and deepening reform. It is also a process which speeds up the replacement of the old by the new.

#### **The Strategy of Economic Development for Coastal Areas Is a Strategy of National Significance**

The strategy for developing an export-oriented economy in the coastal areas has been chosen on the basis of summing up the successful experiences of economically developed countries in the world and some developing countries in their economic take-off in light of practical conditions in our country. The history of economic development of various countries in the world has proved that to catch up with world advanced levels, and to narrow its gaps with the economically developed countries, opening up to the outside world is the only way a country can choose. Any country that has done well in opening up can promote its prosperous economy. Any country which locks its doors against the world will become backward. Only by taking an active part in international exchanges, and by being good at making use of international resources, technology and talented personnel to carry out a competition, can a country speed up its economic development, and enhance its level of economic development.

Opening up the coastal areas to the outside world is a matter of local and also a matter of national significance.

—By integrating the policy of opening up with the strong point of the coastal areas in manpower resources, we will be able to promote the development of township and town enterprises, and increase the export of labor intensive products and products of a labor intensive and knowledge intensive combination.

—By developing enterprises run by the "three kinds of capital," we can import from foreign countries essential factors of production such as capital, technology, talented personnel and so on. In so doing, we will be able to enhance the technological and management level of our enterprises, and to strengthen the competitiveness of our products.

—By implementing a policy of "both ends abroad" (importing raw and processed materials from abroad, and exporting finished products abroad), and of high-volume imports and exports in the coastal areas, we will be able to solve the contradiction between the central and western regions resulting from their scramble for raw materials and a market. This will create a favorable environment for economic development in the western region.

—We will be able to introduce the competition mechanisms of foreign countries into China to transform our

competition mechanisms at home. In so doing, we will integrate the internal circulatory system with that of the international circulatory system to promote the development of our international enterprises which are bold in opening up, and good at carrying out competition. This will be good for improving our country's production setup and product mix.

—By taking the lead in participating in the international economic circulatory system, the coastal areas can make use of the foreign exchange it has earned to buy advanced technology and facilities to support construction in the hinterland. They can transmit economic, scientific and technological information, as well as management experiences to the hinterland to enhance the level of its productive forces.

—The policy of opening up the coastal areas to the outside world will forcefully pound on our traditional system to promote the transformation of our foreign trade, scientific and technical, educational, planning, financial, monetary and pricing system and the inner mechanisms of our enterprises. This will give impetus to our political structural reform, and the reform in the entire realm of the superstructure, so that reform in our country will develop in depth, and advance to a higher level.

—To implement the strategy of economic development in the coastal areas, we should first of all, establish a new economic system which conforms with the demand of international exchanges and competition. This is also a matter of equal importance to the establishment of the new economic and political systems throughout the country.

#### **Making Use of Wonderful International Opportunities To Meet the New Challenge**

The success of a country is determined to a large extent by its ability to adapt itself to the development of the international situation. In other words, it should be good at making an analysis of the situation, and at grasping and making use of wonderful opportunities. Wonderful opportunities alone are not enough. If we fail to adapt ourselves to and grasp it, the wonderful opportunity will disappear. This will hamper our economic development because we did not take advantage of the good opportunity. We must keep the lessons of history firmly in mind in this regard. There was a good opportunity for us in 1950s. Various countries in the world readjusted their production setup. Japan took this opportunity to promote its economic take-off. The 1960s were also a period of the readjustment of the international economic setup. By grasping this opportunity, countries and regions such as South Korea, Singapore, Taiwan, Hong Kong and others rapidly promoted their economic development. Due to the fact that we did not implement a policy of opening up, we let these two good opportunities of the changes in production setup and product mix of the world go unused. After entering the

1980s, we encountered the third opportunity. The 1980's are again a period in which major structural transformation and readjustment of the world economy has occurred. Some traditional labor-intensive and capital-intensive industries have been transferred from the developed to the developing countries. Over the past 2 years, due to the successive revaluation of the Japanese yen, new Taiwan dollar and South Korean hwan, orders for labor-intensive products have shifted from places where the price of the labor force is high, to places where the price of the labor force is cheap. The quality of our labor force in our coastal areas is both good and inexpensive. Township and town enterprises in our coastal areas are developed. They are desirable places for the transfer of international capital investment, technology and products. However, countries such as Thailand, Malaysia, the Philippines, and so on also take part in the competition. They have adopted a number of preferential policies. Some foreign businessmen, who planned to make investment in Guangdong and other provinces of our country, have now changed their mind. They intend to make investments in Thailand, Malaysia, the Philippines, and so on. We should make a prompt decision to make great efforts for improving our investment environment, and work out some attractive preferential policies. We should seize this opportune moment to make use of the present opportunity, to adopt suitable strategic measures, to actively participate in the international division of labor, and to meet the challenge of international competition so that our country can be turned into a multilayered pattern of opening up characterized by "special economic zones—coastal open cities—coastal open economic zones—hinterland."

To make use of the good international opportunity and meet the new challenge, we should utilize the strong points of our coastal areas which are rich in manpower resources, and better the quality of manpower to extensively develop labor-intensive industry, and labor-intensive and knowledge-intensive industries. From the experiences of the economic take-off of Japan and the "four little dragons" in Asia, we know that they experienced the following process: They first developed labor intensive industry to export textile products in order to earn foreign exchange. This foreign exchange was used to buy technological facilities to equip new emerging industries at home, and to increase production and exports of electronic products. In so doing, they eventually ranked among the world's economically developed countries and the newly emerging industrial countries or regions. They roughly underwent the following three stages in participating in international circle: The first stage was supporting imports of technical equipment and facilities through the promotion of finished products exports; the second was promoting import substitution, and the third was developing export orientation (high-volume imports and exports).

Coastal areas in our country are rich in labor resources. The quality of the labor force is good. Good conditions have existed in these areas for their township and town enterprises, which are suitable for the market economy,

to develop "three forms of import processing, and compensation trade." They stand a very good chance of success. The "three forms of import processing, and compensation trade" actually means taking products as the carriers of labor service export. This undertaking is characterized by less investment and rapid results. It should be actively developed. At present, there are more than 10,000 enterprises in Guangdong Province, which are engaged in the business of processing materials supplied by foreign businessmen. These enterprises employ more than 1 million workers. According to incomplete statistics, last year Guangdong Province earned processing fees totalling \$1.6 billion. Such an amount of foreign exchange can be used to import 9.47 million tons of chemical fertilizer, or 4.33 million tons of steel products.

To meet the demand of the international market, our country has properly readjusted its agricultural production structure, and integrated industry with agriculture to develop an agricultural undertaking aimed at earning foreign exchange. This kind of business undertaking is different from the traditional self-sufficient agriculture. It is a kind of commercialized agriculture which carries out its production in accordance with international market demand. The following are its main characteristics: 1) New varieties of crops and modern technology are imported from foreign countries. The new scientific and technological achievements at home are also utilized. In addition, efforts are made to establish small-scale production bases and experimental bases. These bases will spread to villages around them. This will change the traditional mode of production. 2) By masking the use of economic contracts, we bring hundreds of thousands of self-sufficient peasant households engaged in a natural or semi-natural economy into the orbit of a commercialized and socialized production system, so that they can produce a large quantity of new and high-quality agricultural products. 3) In accordance with the demand of the international market, these new and high-quality products are processed by main agricultural centers which are equipped with new technology and facilities. After that, they are sold on the international market. In so doing, the additional value of agricultural and sideline products and the incomes of peasants are increased. In the meantime, the capacity of our agricultural products to earn foreign exchange and their competitiveness are also enhanced. Freshwater fish production in Zhongshan City in Guangdong Province has followed this method. As a result, the export of freshwater fish from the city has increased in consecutive years. Exports are no longer limited to Hong Kong and Macao. Freshwater fish is now exported to markets in Britain, the United States, Japan, Canada, New Zealand, and Singapore, and so on. This shows that the city has done well in adapting itself to the demand of the international market.

Our coastal industry should actively participate in international exchanges and international competition. The processing industry in the coastal areas has been developed, but they lack raw materials. In the past, many

enterprises carried out their processing business with raw materials supplied by the interior. Finished products were sent back to the interior for sale. This meant an internal circulation. Since the 3d plenary session of the 11th CPC Central Committee, industry in the interior has developed further. The conflict between coastal industry and interior industry in scrambling for raw materials and markets has become increasingly serious. Therefore, we should encourage industrial enterprises in the coastal areas to import raw materials from the international market. After these raw materials are processed, the finished products should also be sold on the international market. This means high-volume and quick import and export. Our focus of attention is shifted abroad. In so doing, we will be able to reserve some domestic markets and raw materials for the interior, so that we can create more beneficial conditions and an environment for industrial development in the interior.

High-volume imports and exports should be based on high-volume exports. Efforts should be made to ensure that high-volume imports are supported by high-volume exports. The method of high-volume imports and low-volume exports, or high volume imports without promoting exports is not allowed. First of all, we should ensure a balance between imports and exports. After that, we should gradually create conditions so that our export amount will exceed imports. We should encourage localities to turn their retained foreign exchange earnings into revolving foreign exchange, and to vigorously develop "the processing industry with materials imported by clients". Preferential treatment should be given to clients who "supply raw materials for processing" in accordance with stipulations. Bonded warehouses should be set up in predetermined places so that the business of "processing with raw materials supplied by clients" can be conveniently carried out. Where conditions exist, some localities should gradually develop industry producing parts and fittings which were formerly imported, and the raw material industry to increase the additional value and grades of our exported products. While vigorously promoting high-volume exports of labor intensive products and labor intensive and knowledge intensive products, we should increase the exports of our proper technology. In particular, we should pay attention to exporting our proper technology to developing countries. This is our country's strong point. Some enterprises in special economic zones, key cities and the interior may develop high-technological undertakings, so that we can gradually establish a multilayered and multifunctional export industrial system based on labor intensive, capital intensive and technological intensive industries.

Efforts must be made to strengthen lateral economic links between coastal areas and the interior. We should encourage them to learn from each other's strong points. We should also encourage the transfer of capital, technology and talented personnel, and the increase of the exports of processed materials with higher additional

value. Although on a per capita basis, our country is not rich in natural resources and raw material resources, our absolute amount is fairly large. This is our major strong point. The reserves of our mineral products such as coal, iron, aluminium, antimony, wolfram, rare-earth metal, and so on rank first in the world. Our agricultural and sideline products such as raw silk, hog bristles, casing for sausages, tea and so on have been internationally famous for a long time. In the past, our capability to earn foreign exchange was not powerful, because we mainly exported primary products. In the future we should strengthen lateral economic links between the coastal areas and the interior, so that the strong points of the eastern part in capital and technology will be integrated with the strong points of the western part in natural resources. This integration will produce new productive forces, increase the level of the processing of these resources and their additional value. This will also enhance the competitiveness of our products, and our capability to earn foreign exchange.

Efforts should be made to organize integrated bodies of technology, industry and trade, or integrated bodies of technology, agriculture and trade to turn individual strong points into collective strong points. To do so, we should solve the problem of the distribution of interests well. With regard to products of the interior exported through a coastal port, the relevant port can only charge a certain amount of operational costs (service charge), and all that has been gained from export belongs to the interior. With regard to the export of products (or semifinished products) of the interior whose raw materials are processed in coastal special economic zone, open cities, or open regions, the coastal areas can only retain the increased value resulting from processing. All the income should be given to the interior. This is beneficial not only to easing the contradictions between the coastal areas and the interior, but also to increasing the value of the resources of the interior in the interest of earning more foreign exchange. This kind of cooperation should be greatly encouraged.

In the course of making use of foreign capital, we should mainly rely on direct investment of foreign businessmen while making government loans subsidiary. Over the past 9 years or so, our country has achieved certain results in making use of foreign capital. Judging from the present situation, we know that the percentage of our enterprises run by the "three kinds of capital" is still very small in total number. However, they have begun to play an important role in promoting technological progress, enhancing the level of management and administration, and promoting the sale of products on the foreign market, and so on. Of course, some problems should be studied further. For example, in the past when an enterprise imported foreign capital, the responsible government institution would mostly serve as a guarantor. It was governments at all levels in China which truly took the risk instead of the relevant enterprises and foreign businessmen. When some Chinese-foreign joint ventures fail to maintain the balance of their foreign exchange,

instead of raising a loan secured by a mortgage on the international market, they turned to the Chinese Government (or departments) for insured loans (loans without any risk). In the future, Chinese-foreign enterprises and cooperative enterprises must be separated from the government. They should carry out their business operations independently in accordance with international practice. They should take the risk independently. While making use of foreign capital, it is not appropriate for the government to raise loans to establish enterprises (large enterprises with longer periods for completion of the projects in particular). We should do our best to encourage foreign businessmen to make direct investment, so that they will take the risk themselves. The fact that foreign businessmen make direct investment, and that they establish enterprises run by the "three kinds of capital" will ensure that foreign businessmen and our side will have common interests. In the meantime, when foreign businessmen invest their money, they will also bring to China technology, information, management experience, and sale networks. Foreign businessmen will take the initiative in showing concern for product quality, renewal of technology, enterprise management and marketing. We can learn from them not only technology, but also management. This will reduce the risk, and increase our income. Our government can only improve the investment environment in accordance with international practice to provide them with good service and to implement a preferential policy toward them in terms of tax. When our government makes use of foreign capital, it should mainly utilize concessional loans provided by foreign governments, and the low-interest or interest-free loans provided by international development financial institutions. We should do our best to minimize the use of high-interest commercial loans. Issuing bonds in foreign countries should also be based on our repayment capability.

On the basis of enhancing the cultural and technological quality of our nationals, we should make more efforts to train a number of professionals and management personnel who have acquired a knowledge and concept of developing an export-oriented economy. Whether a country or region can succeed in implementing a policy of opening up is determined by the cultural and technological quality, knowledge structure and management level of its nationals. To implement a policy of opening up, we should first of all, have a number of experts who are familiar with both the international and domestic market; bold in opening up; and good at competition and holding business negotiations with foreign businessmen. Furthermore, we should have a number of scientific research workers who are responsible for studying the international economic situation and collecting market, scientific and technological information. Besides, we should have a number of scientific management personnel who are good at developing an export-oriented economy, and a contingent of workers who are suitable for working in enterprises run by the "three kinds of capital." Some senior qualified personnel can be employed from abroad. But more efforts should be made to speed

up the training of such qualified personnel at home. The training of various kinds of talented personnel who can meet the demand of the development of export-oriented economy should be carried in multilayered and multi-channelled way. Various forms should be adopted to give play to the enthusiasm of various quarters. The central authorities, local authorities, departments and enterprises may allocate funds to run training classes to train suitable qualified personnel. They may also make concerted efforts to run training classes to train a certain number of qualified personnel they need. We may run specialized and short-term training classes to improve the quality of our staff at their posts. We may train qualified personnel suitable for relevant fields in universities. We may also select and send some postgraduate students to study abroad. In short, the coastal areas must be opened up to the outside world, and sufficient efforts must be made to train talented personnel. The quantity and quality of the qualified personnel we have trained will directly affect the scope and depth of the implementation of the policy of opening up in the coastal areas, and the progress in the enforcement of the strategy of economic development in the coastal areas. Therefore, coastal areas, which are opened up to the outside world, should assign the training of talented personnel as an important strategic position. They should grasp this work firmly and effectively.

#### **The Implementation of the Strategy of Economic Development for the Coastal Areas Is a Process of Deepening Reform**

The relations between reform and opening up are relations of dialectical unity. They are inseparable and complement each other. The changing from a closed economy into an export-oriented economy itself means reform. Of course, opening up is not tantamount to reform. There are certain differences between them in both intensive and extensive forms. We must not think that opening up can replace reform. Practice in recent years has proved that opening up is the continuation and deepening of reform, but it cannot wholly represent reform. Reform cannot be replaced by opening up. The policy of opening up should be coordinated and guaranteed by reform. Only thus can we implement it in an effective and lively way. Without reform, the implementation of the policy of opening up will encounter all kinds of obstructions coming from the old system. With the implementation of the policy of opening up, reform can only be carried out at a superficial and low level. This will bungle the chance of scoring a success, and adversely affect economic take-off.

The practice of the special economic zones and the coastal cities which are opened up to the outside world has provided us with a good deal of enlightenment: It is insufficient to rely only on the strong points such as geographical factors, preferential policy and good basic facilities to attract investment by foreign businessmen. Without a thorough reform of the economic system and

the improvement of the main environment for investment, it is difficult to achieve the hoped-for results of opening up. We must rely on the deepening of reform to solve problems arising in the management system and operational mechanism. The deepening of reform can not only continuously remove the obstacles of the old system characterized by "bureaucracy" and low efficiency, but also promote the gradual development of the new system characterized by its international functions and high efficiency. This will help the new system play its leading role, and promote the development of the export-oriented economy. This will also help the growth of socialist market mechanisms and enterprise operational mechanism which are beneficial to opening up, and to participation in international exchanges and competition. The continuous expansion of opening up will set a new demand on, and assign a new task to reform. This will promote the development of reform in a deeper and wider way, accelerate the change from the old system into the new one, and shorten the period of confrontation between the old and new systems. In short, reform should serve the strategy of economic development for the coastal areas. In the meantime, we should regard opening up as an important item of deepening reform. Reform should run through the whole process of opening up.

To implement the strategy for economic development in the coastal areas, the departments responsible for structural reform should take active measures on their own initiative, and be full of creativity. Judging from the current situation, departments in charge of structural reform at all levels in the coastal areas should devote their main efforts to grasp the work in the following aspects well:

1. They should cooperate with the relevant departments to grasp planning work of turning the inward-looking economy [nei xiang xing jing ji 0355 0686 0992 4842 3444] of the coastal areas into an export-oriented economy, so that the coastal areas will take the lead in establishing the framework of the new economic system, and play their leading role in the new system as early as possible.
2. They should help financial monetary, pricing, tax, foreign trade, scientific and technological departments and so on to do well in their supporting reform in the interest of the implementation of the policy of opening up. They should make efforts to improve the main environment and atmosphere needed by the development of the export-oriented economy.
3. They should assist foreign trade departments to pursue a contracted management responsibility system to create a flexible external environment and inner operational mechanism for localities and enterprises.
4. In the regions which are opened up to the outside world, experimental cities and areas should take the lead in conducting their experiments. They should explore

the way for the establishment of the new system of the export-oriented economy characterized by "both ends abroad; high-volume imports and exports."

5. With regard to the new situation and new problems arising in the course of implementing the strategy of economic development for the coastal areas, they should study them seriously with the aim of working out some countermeasures to deal with them. They should also do the work of linking inner circular system with external circular system well.

6. They should work together with propaganda departments and ideological and educational departments to grasp theoretical propaganda work for opening up to the outside world and deepening the reform with an aim of increasing people's consciousness of the international economy, and of strengthening their concept on reform.

#### **The New Economic System Should First of All, Be Established in Regions Where Conditions Are Good**

Any countries or regions involved in the work of economic development and opening up to the outside world will start their project in areas where conditions are good, port cities in particular. After that, they gradually extend the project to areas where conditions are comparatively poor. The United States started opening up its southwestern region about 100 years after the establishment of its industrial region in the northeast. The time gap between the development of Hokkaido and the establishment of modern industry in Hon Shu, Japan was at least half a century. Ours is a big country with a vast territory and a large population of more than 1 billion. Different regions differ greatly in terms of geographical conditions and the level of economic development. It is neither possible nor necessary for the three main economic regions in eastern, central and western China to simultaneously implement a policy of opening up to the outside world, and of promoting an export-oriented economy. The eastern coastal areas have the strong points and conditions for implementing the policy of opening up to the outside world and promoting the export-oriented economy, because they border on the sea, they have good sea and land traffic service, and are located at a zone linking the domestic and international markets. Their environment for investment is better than that in the interior. They have a better economic foundation, and their agriculture and processing industry are more developed. Their industrial output value has accounted for 60 percent of the total industrial output value of the whole country; agricultural output value has accounted for 46 percent of the total agricultural output value. They are rich in labor force resources, and the quality of their labor force is comparatively good. Their domestic and foreign trade is developed. Their total volume of retail sales has accounted for more than 70 percent of the total volume of the whole country. Their commodity economy has developed very rapidly. Their mechanisms of market regulation have played a greater role. Industrial raw materials allocated to them by state

planning are less than 30 percent of their total volume of consumption. More than 80 percent of industrial raw materials consumed by Jiangsu, Zhejiang, Guangdong and other provinces has been obtained through market regulation.

To implement the strategy of economic development for coastal areas, we should let coastal areas take the lead in developing an export-oriented economy, in actively participating in the international division of labor and competition, and in readjusting the production setup and product mix in accordance with the demand of the international market. We should push a great number of our enterprises into the international market to compete and cooperate with their international counterparts. We must make use of foreign resources (capital, technology, talented personnel, raw and process materials) to improve our production factors, change management mechanisms and operational mechanisms of our enterprises, increase the production of our marketable products, and enhance our ability to earn foreign exchange through the promotion of exports. In the meantime, we should introduce into our country international competition mechanisms to reform the mechanisms of our domestic market to promote the development of our socialist commodity economy. Therefore, the management system, which such an export-oriented economy demanded, is absolutely not a system characterized by tedious formalities, the practice of disputing over trifles, severe bureaucracy, and low efficiency and benefits. What it has demanded is a management system of high efficiency and benefits, which can flexibly conform to the changing international market demand. Such a kind of new economic system can only be established first in areas where conditions are good. The coastal areas in the southern part of our country are different from those in the northern part. Their strong points, and level of market development and commodity economic development are also different. The degree and extent of their opening up to the outside world is not the same. Therefore, the establishment of the new economic system in the coastal areas, and the implementation of the policy of opening up should be carried out in order of importance and priority. Generally speaking, the new economic system can be first established in some special zones such as Shenzhen, Zhuhai, Xiamen, and so on. After that, it can be established in other coastal cities which are opened up to the outside world. It can finally be extended to the entire coastal areas which are opened up to the outside world.

The economic pattern which the coastal areas should follow is a pattern of export-oriented economy. This economic pattern is different from the pattern of the inward-looking economy. The focus of the inward-looking economy is on internal economic mechanism, economic strength, government organs and their functions. It is mainly in accordance with political and economic situation at home. As far as the export-oriented economy is concerned, its attention must be focused on international factors in addition to domestic

factors and its function of serving the domestic market. The export-oriented economy follows the principle of exchange of equal values, and is guided by internal market demand. It follows the pattern of export-oriented socialist commodity economy based on contracts. Its main characteristics are:

1. Its domestic economic operational mechanisms and methods are linked with those of the international market.
2. Domestic enterprises must actively participate in international competition, division of labor and economic system.
3. Enterprises must play their "ball game" in accordance with international rules and regulations, and carry out their operation and management in accordance with international practice and standards prevalent in the world.
4. Efforts are made to establish diversified ownership structure, and to encourage the development of a collective economy, private-owned enterprises and enterprises run by the "three kinds of capital."
5. Efforts are made to develop export-oriented operational mechanisms of enterprises. Chinese enterprises can be contracted or rented to foreign businessmen. They can also become shareholders, or buy medium and small Chinese enterprises.
6. Efforts are made to establish an open market system, and to attach importance to the role of the law of value to reform the pricing structure so that our market system and pricing structure will gradually be close to the international market.
7. The state mainly exercises indirect control over the management of enterprises, which is called small-scale management in a big society. Enterprises are guided, coordinated and supervised through market and legal means so that their work efficiency can be enhanced.

The pattern of the new economic system, government functions and behavior of enterprises in coastal areas should be guided by the international market. International management and operational methods should be employed. The government's management functions should conform to the demand of the international division of labor and international competition, which are characterized by rapidity, flexibility and high efficiency. The government's functions connected with international factors should conform with international practice—institutionalization, standardization and legalization. The government's conduct should be linked with its international consciousness—openness, competitiveness and creativity. In the course of participating in the international division of labor and international competition, we should give play to the principal role of enterprises. Production factors of enterprises can flow among enterprises, or can be transferred from one enterprise to

another. The technology and management of our enterprises should be advanced, and their products should be competitive in the world. Trans-national cooperation must be encouraged, so that our enterprises can advance toward the world.

**Great Shock, Great Change, and Great Development—An Interview With Zhou Guangzhao, President of the Academy of Sciences of China**  
*HK1310081988 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 21-27*

[Article by QIUSHI reporter Guo Jinping 6753 2516 1627]

[Text] The period from 1978 to 1988 is a period of restoration, reinvigoration, and prosperity of theoretical work. In these 10 years, revaluation of the importance and role of science and technology, release of the long-stored energy of science and technology, and the switch from the old scientific and technological research structure to a new one have always been going along with the development of social reform and theoretical work. How to evaluate and deepen the reform of the scientific and technological structure? How to view the relations between economic results and scientific and technological power? All these popular topics have extensively drawn society's attention. In this connection, this reporter recently had an interview with Zhou Guangzhao, president of the Academy of Sciences of China.

Reporter: As a scientist and one of the decisionmakers of the Academy of Sciences of China, what do you think about the reform of the scientific and technological research structure?

Zhou: A complete and comprehensive appraisal of the reform of the scientific and technological research structure has yet to be made by history in the light of the whole process of practice. But, our practice in the past few years has shown that the current reform of the scientific and technological research structure conforms with the objective law and the actual conditions in China, in terms of its macroscopic effects and its overall design. There should be no doubt about this, and so far the reform has been proved to be successful to a certain extent.

Our scientific and technological research structure was originally designed to suit the framework of a pure planned economy. Although our scientists did contribute some ideas to the design of this structure, the main body of our scientific and technological structure was copied from the Soviet structure. To be sure, our original structure does contain some rational parts which have indeed played a valuable role in enabling us to run some military projects, such as the development of the atomic and hydrogen bomb, and satellites, even though we were faced with a strict technological blockade and could only

get access to very limited resources. The most important feature of this structure is that it allows us to separately and independently develop some fields of economy, science, and technology that the country badly needs to explore. Under this structure, sufficient human and material resources are concentrated to run some important scientific and technological projects that are "separately listed" in the state plan, and the results of these research projects are all to belong to the state. In a country like ours with a low economic, scientific, and technological development standard, that was after all a feasible way to quickly achieve breakthroughs in the war industry and some specific fields through the concentration of investment. However, such a small-scale and intensive research pattern, which demands that the authorities take care of the projects concerned like a baby-sitter taking care of babies, cannot meet the needs of large-scale production in economic construction.

On the other hand, the closed scientific and technological structure under the departmental ownership that was practiced in the past can never be free of such shortcomings as increasing average age of the staff, redundant and overstaffed subordinate organizations, and poor efficiency. Such a structure can no longer enhance the development of sciences in China. Nowadays, this ossified and inflexible old mode which solely relies on the state for organizing scientific and technological research can no longer keep up with the development of science, technology, and economy.

Reporter: When did the Academy of Sciences plan to stage a reform? Have you reached a consensus on the reform in the Academy?

Zhou: The development of the Academy of Sciences in the past 10 years, I think, can be roughly divided into two stages: the stage of restoration and learning and the stage of exploration, reform, and development.

The "Great Cultural Revolution" has not only destroyed the former scientific and technological research setup but also upset people's thinking, making the scientific and technological circles very depressed. Comrade Deng Xiaoping talked about the importance of respecting talents and developing science and technology on several occasions around the time of the 3d Plenary Session of the 11th CPC Central Committee.

His remarks, especially his views that "science and technology are a kind of productive forces" and "modernization of science and technology is the key to the four modernizations," have won much applause in the scientific and technological circles. From then on, the Academy of Sciences has sent thousands of people to study abroad, made every effort to resume scientific research that had been suspended for years, and strived to catch up with the world's advanced level in the field of scientific research.

The central authorities have repeatedly reiterated the principle that science and technology must serve economic construction after 1982 and clearly pointed out: "Reinvigoration of the economy depends on the progress of science and technology, and science and technology must be geared to the needs of economic construction." This caused a strong reaction in the Academy of Sciences and initiated a massive debate on the relationship between economic development on the one hand, and science and technology on the other.

From then on, all of us have been conscientiously pondering on some questions. What path will the Academy of Sciences take? Should a reform be introduced? In which direction should the Academy of Sciences go? In the wake of the in-depth development of the economic structural reform and extensive ideological exchange, more and more comrades now have had a profound understanding of these questions. But, of course, there is still a divergence of views on some specific issues.

Reporter: What is your view on the principle that reinvigoration of the economy depends on the progress of science and technology, and science and technology must be geared to the needs of economic construction?

Zhou: In my own opinion, in understanding this principle, we must bear in mind the objective law governing the social, economic, scientific and technological development, first of all the law that science and technology must develop along with society and the economy. Natural science and technology are man's powerful weapons to understand nature and transform it. Our first purpose in understanding nature is to tremendously increase our productive forces. It is because of the practical value of scientific research that society extends constant and massive support to it and makes more investments to raise productive forces. Nowadays, the development of science and technology is increasingly closely related to the economic and social development of a country and has become the primary factor for social progress and the development of productive forces. Therefore, society now sets great store in and support of the development of science and technology.

In fact, the development of science and technology and economic development are mutually dependent. Modern mass production cannot go without science and technology, and the scale and speed of the development of modern science and technology depend on the level of economic development. After all modern science and technology can no longer be developed in a study like in Newton's times. Scientific and technological research has now touched the domains of atoms and nucleons. Research in these fields needs large-sized precision instruments, advanced equipment, and huge investments. But society cannot give whatever support it is asked to give regardless of its economic capability. For example, the question whether the United States can afford to develop a super superconducting accelerator (SSC) [chaoji chao dao jia su qi 6389 4787 6389 1418

0502 6643 0892] is still being debated; and our economic strength simply does not allow us to develop very powerful high-energy accelerators. After the "Great Cultural Revolution," we remained unrealistic for a while, thinking that China's economy could be reinvigorated very fast, being indulged in the dream of building ten oil fields like Daqing, and so on. At that time, the Academy of Sciences also launched many big projects. Now we have already felt the unbearable pressure. By and large, the development of science and technology cannot go beyond the limits of local economic level.

In general, our comrades in the Academy of Sciences seldom think about the issue of economic development but rather about the development of science and technology. Based on their long experience, some of our comrades have accepted a concept that the state should give funds to support development of science and technology and, what is more, the state should give so much money as to enable us to catch up with the most advanced level abroad, whether the national economy is well developed or not. After discussion, they have adjusted their view, but not everyone has completely given it up.

I think they will realize, sooner or later, that science and technology can develop smoothly only after they have helped bring about a great economic growth; and that research in science and technology can enjoy social recognition and support both in terms of the perceptual and the rational, only after it has made contributions that cannot be substituted for to economic reinvigoration.

To ensure sustained and steady development of science and technology, one must not violate the law governing the development of science and technology either. Many internal relations governing science and technology have to be properly handled. For example, the proportional relations between research projects in different fields, the relationship between leading scientists and optimized entities, the relationship between in-depth single-discipline research and comprehensive cross-discipline research, the relationship between the accumulation of knowledge and the presentation of original ideas, the relationship between competition and cooperation, the relationship between the free selection of research topics and the concentration of resources on key research projects, the relationship between key projects and ordinary ones, and so on. Among all these relations, to fix the proportional relations between research projects in different fields is particularly important.

The scientific and technological research system is formed by several levels, namely, basic research, applied research, and developmental research. From a macroscopic point of view, the internal relations of these different levels demand that in a certain historical period, a country set a generally harmonious and relatively stable ratio between these different sectors. At different stages, the government can especially encourage work in a certain sector in light of the needs of

economic development. But a good scientific and technological research structure will make automatic adjustment to maintain an appropriate ratio between different sectors of research. In general, the more developed a country is, the greater importance it will attach to basic and long-term research projects; and, the less developed a country is, the more importance it will attach to applied and developmental research projects. The United States has attached special importance to basic research, and so does Japan in the 1980's. Their attitude is related to the fact that they have become the top economic powers in the world. But, after the war, Japan did put applied and developmental research in the first place; and nowadays, the United States is inclined to the development of research centers jointly run by scientific research institutes, universities, and enterprises. Their policies are related to their pressing desire to increase their economic power. But so far both the United States and Japan have never suffered from any significant macroscopic imbalance between different sectors of research work.

Reporter: According to you, the old structure has overemphasized basic research, leading to an imbalance in the scientific and technological structure. But now some scientists are afraid that the establishment of many companies and the promotion of developmental production will possibly lead to a kind of short-term behavior by which developmental research is overemphasized and basic research is overlooked. Has the Academy of Sciences set a relatively stable macroscopic ratio for the several research sectors? Can we completely prevent such short-term behaviors by setting such a ratio?

Zhou: In early 1987 we put forth a principle according to which "the main force of our scientific and technological contingent will be shifted to the main battlefield to serve the national economy and a small but well-trained force will be maintained to carry out basic research and follow up high-technology research." This is a great conceptual change to members of the Academy of Sciences. According to this principle and in light of our actual situation, we have set a ratio to guide the distribution of our scientific and technological research force. We are now separately administering the three sectors of basic, applied, and developmental research, and we evaluate the performance of those who are engaged in the three sectors and reward them in accordance with the special features of their work.

At present, we stress that our science and technology should mainly serve the major battlefield of the national economic construction. This has been determined by our current economic situation. The problem of integrating science, technology and economics should, first of all, be solved in terms of guiding thought and system. This can be reflected in the selection of topics and the direction of our research work. It is not advisable for us to view things naively by saying that research on development projects means serving the main battlefield, and that

carrying out basic research work means breaking away from the national economy. In the past we carried out projects on development topics. However, the selection of our topics is not based on market demand, and our research work was confined to laboratories. Actually, there were many insurmountable barriers between our research projects and the national economy. We did not do well in integrating our science and technology and the economy. Therefore, the results of our research work were regarded as "samples, exhibits and gifts." Basic research work has also faced the problems of topic selection, methods for research and reform. Many big companies in foreign countries carry out a great deal of basic research work in laboratories. However, nobody thinks that what they are doing is divorced from economy, because most of their research projects have a firm direction to follow, and are carried out in an organized way. Their research work is for practical purposes of application, and the results should be judged from a long-term point of view.

Proceeding from the long-term interests of the state, since reform and economic readjustment, 30 percent of our efforts has been devoted to basic research projects and the work of monitoring the development of high technology. Most of our comrades involved in these projects carry out their work in an organized way with an aim of attaining their limited strategic targets. A small number of comrades, who have laid particular stress on a certain subject, are now deeply engaged in some research projects which are temporarily not for practical purposes of application. We should also support such research projects with a strong theoretical purpose. If comrades involved in such theoretical research projects can win honor from the world for our nation, it will be beneficial to encouraging and inspiring the national self-confidence and pride of our scientists of the younger generation. We should provide them with a good environment and academic atmosphere in the interest of their independent thinking and creative work. We must stop the unscientific and erroneous practice of carrying out a large-scale criticism in the field of science. Once we make a breakthrough in basic research, something magnificent will occur. For instance, the occurrence of atomic energy, lasers, semiconductors, computers and so on after the war was connected to a breakthrough in basic research. Comparatively speaking, the capability of the Academy of Sciences in carrying out basic research projects is stronger than other departments. But we are not going to follow all the advanced targets of the world. Our efforts will be devoted to a limited number of topics which stand a good chance of success. We should encourage scientists to compete in this regard. Projects which have made achievements will receive priority in terms of funds and investment. For example, we support research projects on superconductors, because, on the one hand, such a research project will produce great influence over sciences, and, on the other hand, it might bring about an important technological undertaking which will greatly benefit the national economy. In the field of basic research projects, the main aim of reform is to free them

from the control of a certain department. They should be carried out in an open and flexible way in close cooperation with other scientific research departments.

The main efforts of the Academy of Sciences, namely 70 percent of our scientific and technological force, will be directly devoted to the main battlefield. Our main battlefield is divided into two categories. 1) The work in the fields of resources, environment, ecology, and large-scale agriculture, which will produce great social benefits. About 30 percent of our efforts will be devoted to such fields. 2) The application and development of new technology, which will also bring about economic benefits. It will cover the fields of material science, information science, microelectronics, biological projects, and so on. About 40 percent of our efforts will be devoted to these fields. In the past, we did not attach importance to the fields of resources, environment, ecology, large-scale agriculture, and so on, because we thought that they were not closely connected with our national economy. Now we realize that they are an inseparable and important part of the national economy. It is true that they do not directly produce any economic results and benefits. However, while carrying out a study in the field, we will make a scientific judgement through collecting a large quantity of data and making comprehensive analyses. This will directly influence long-term economic construction in our country. For example, at present we are planning a project of comprehensively dealing with medium and low-yielding land in the Huanghe and Huaihe Plains. To complete the project well, we should collect a great deal of data and materials on bringing local drought, excessive rain, saline-alkali land, sand blown by the wind, and low-lying land under control, on rationally making use of water resources, and on supporting technical innovation aimed at increasing production. We regard this as a most important battle in the agricultural field. We have assigned more than 400 scientific and technical personnel from 25 research institutes to carry out the project. We are sure of our success in the project, because the Academy of Sciences has accumulated relevant experiences in this regard over the past 20 years or so. Let us look at another example. Where are China's large gas fields located? We are not yet clear on this. Now we have discovered many big oil fields. But the ratio between our oil fields and gas fields is about 8 to 1. In foreign countries, the ratio is generally 1 to 1. Theoretically speaking, we should have many large gas fields. However, we have not done well in developing theories on the formation and assessment of gas fields. We have not made sufficient preparations for exploration technology. How has the geology of gas fields been formed? How is the gas reserved? We are not clear about all these. Therefore, it is impossible for us to propose a best target area for prospecting. In the meantime, we have not yet sufficiently possessed first-hand source materials. At present, we have established more than 80 prospecting stations, centers and networks throughout the country. Many comrades have persisted for a long time in carrying out field operations and collecting data. We hope that their work will be systematically linked. After possessing first-hand materials, they

should strengthen the work of making a systematic biological, chemical, physical, geological and meteorological analysis. They should shoulder greater and more comprehensive tasks, and serve economic construction of the state or localities with their scientific and valuable work. In this process, we should gradually improve inner structure and operational mechanisms of our prospecting stations, centers and networks.

Developmental research is the most direct method for releasing scientific and technological potentials. The work should be market-oriented. Only thus will it truly produce effects and results. Due to the previous academic-type method for research, industrial development in our country lacked its own motive force. This separated the development of our scientific and technological undertakings from our economic foundation, and restricted the development of both. An increasingly shorter period of time is needed for turning modern science and technology into commodity production. The life cycle of products has been considerably shortened. Therefore, when carrying development and research projects, we should proceed from market demand, and advance toward competitive products and trades. We should strengthen not only research work in laboratories, but also experiments in intermediate links, technological process, and so on. We should enhance the competitiveness of our products on the international market. We should make efforts to develop a mechanism of benign cycle linking together science, technology and economy.

When we succeed in mastering such comparatively stable scientific operations, and exercise control over different types of areas, I think that we can basically stop the short-term conduct provided that our major social environment is improving continuously.

Reporter: Up to now, how many companies have the Academy of Sciences run? How about their management and operations? What are the links between development and research work?

Zhou: The previous 10 years were a period in which our scientific and technological field considerably developed. During this period, great changes also took place in the Academy of Sciences. The present Academy of Sciences is characterized by what we often call "one academy, two kinds of organizations." This means that on the one hand we must have research institutions at the advanced international level. On the other hand, we should establish a number of competitive, technical-intensive and export-oriented enterprises and companies which are influential in the world. There is a greater difference in the concept of value in these two kinds of organizations. The pattern of the Chinese Academy of Sciences, which is an exclusive creation of China, is different from the patterns of other academies of sciences in the world. Many people have asked me: Is the above-mentioned principle of "one academy, two kinds of organizations" a long-term principle, or an expedient measure aimed at dealing with the present situation of

the shortage of research funds, and price hikes? My answer is: At least before the considerable development of productive forces in China, namely before the end of the socialist initial stage, this guiding principle will not be changed.

In recent years, the Academy of Sciences has established about 400 big and small companies. They directly serve market demand, and obtain funds from market to further develop science and technology. According to our initial plan, they should develop along the direction of high rise in value, high risks, and the development of a large-scale intellectual intensive economy. However, judging from the present situation, they have at least two fatal weaknesses.

First, their scale is too small. The annual sale volume of the biggest companies is only about \$10 million, and their profits are about several percent. The annual sale volume of some small companies in the Silicon Valley ranges from more than 10 million to more than 100 million U.S. dollars. For example, annual sales volume of Casio Company reached \$1 billion a few years ago. Annual sales volume of companies such as IBM and others generally exceeded \$50 billion. We hope that this contingent originating from the Academy of Sciences will bring along the whole society with a modern concept of production and advanced methods. They should develop themselves through market competition, and expand their scale through cooperation.

Second, the degree of their technological intensiveness is not high. They have not truly done enough developmental work. They mostly do the work transferred by others. Their undertaking cannot be regarded as high-tech undertaking. In the present stage in China, apart from developing labor-intensive and export-oriented undertaking, we should promote our economic development as fast as possible through "three forms of import processing and compensation trade." In addition, should we also develop intellectual intensive undertaking? In light of our special national conditions, I think that we should permit and encourage its development, because labor-intensive undertaking will not last long and has to heavily rely on others. According to the general rule, labor intensive economy should be gradually promoted to an intellectual intensive economy. For example, South Korea first entered the stage of developing industrial enterprises like our township and town enterprises. Later, it imported production lines, and carried out the business of "three forms of import processing and compensation trade." Some researchers in foreign countries have pointed out: The key turning point occurs in the stage of OEM [original equipment manufacturer]. In other words, instead of merely assembling parts of another country, our independent parts must enter the products of other countries. Before the stage of OEM, scientific and technological force is not needed. Our situation is greatly different from that of South Korea, Hong Kong and others. Our characteristics are: Our

market mechanism and supporting system are not complete. Our economic structural reform has not yet been completed. Our enterprises are not full of vigor, and their working efficiency is not high. Restrictions have been imposed on our imports of technology from the Western countries. Our environment of opening up is not so ideal as other countries. However, we have our own good conditions. The key lies in the fact that a large and good-quality scientific and technological contingent has been established in China. The Hong Kong region and various countries in Southeast Asia envy our good scientific and technological contingent. Although our contingent was formed under the old system, we believe that through reform and readjustment, it will still play an important role which must not be underestimated. In addition, our economic foundation is better than that of Taiwan and South Korea when they started developing their industry. There are some natural resources in our country, which we can make use of. These are conditions which we can rely on. While developing a labor intensive undertaking, we have ripe conditions for promoting some scientific and technological-oriented modern undertakings. This will help us reach and go beyond the stage of OEM as early as possible, so that we can smoothly complete the transition from the labor intensive economy to an intellectual intensive economy.

We should properly encourage some scientific and technological workers to participate in running township and town enterprises. I think that this is needed in the development of our national economy. In the meantime, the development of an intellectual intensive undertaking also needs a number of high-level scientific and technological workers, and stronger investments. Only then can we achieve better results. Our intellectual intensive enterprises are scattered everywhere. For example, there are more than 110 television set manufacturing plants in our country. In Japan, there are only 5 or 6 such plants. They are not only large in scale, but also equipped with advanced technology. Therefore, they are highly competitive. In a word, we should not follow "rigid uniformity" with regard to the flow of scientific and technological workers. If all our scientific and technical workers are dispersed throughout the rural areas, it might be good for the next 2 years. However, when we enter the stage of OEM a few years later, we might lose our former strong points. It would be difficult for us to establish a large technological undertaking. In a country like ours where talented personnel are lacking, we should not lose or waste our qualified personnel.

Reporter: You mentioned just now that the society acknowledges science and technology rationally rather than perceptually. Could you explain this matter in detail?

Zhou: Due to the fact that the central authorities have repeatedly stressed the importance of science and technology, in recent years people in the society have acknowledged the importance of science and technology rationally, theoretically and logically. But they have not

accepted them perceptually. Very often the costs for the transfer of scientific and technological results cannot balance the investments made in the relevant projects. This has typically shown that mental labor is not respected. For a long period of time in the past, research achievements could be used without any compensation. Now money must be spent on buying science and technology. It seems that people cannot accept it emotionally.

It is true that the previous practice was a reason contributing to the fact that scientific labor and scientific and technical workers are not respected. However, the key reason for this is that the old economic system has not yet been fully replaced by the new one, and that people's consciousness of competition is not strong. Therefore, they do not have a keen desire for science and technology. In recent years, many small and medium enterprises spend their money on "buying brain power," because they have begun to realize the importance of science and technology.

Judging things from a long-term point of view, we know that science and technology is our "God of Wealth." However, investment and time are needed for research work. It is impossible for us to score quick successes and instant benefits in scientific research work. Some comrades still do not understand this. In recent years, due to price hikes and the increase of various kinds of apportionment of expenses, the funds allocated by the government to various research institutes are only enough for paying regular salaries of staffs, and charges of water, electricity, gas, books, information and so on. Research institutes should mainly rely on themselves to earn money for scientific research. Now the amount of money earned by research institutes is roughly the same as the funds allocated by the government. Some research institutes which have done well in their research projects can earn twice as much money as the funds allocated by the government. However, we should say that research funds for some presentable projects are still insufficient. Although some pressure is needed in scientific research, to deal with scientific and technical workers we should adopt a method of encouraging them, giving play to their enthusiasm, and understanding and respecting their work. The method of "whipping" will never work for intellectuals. I hope that people in various circles in the society will show more concern, understanding and respect for our scientific and technical workers.

With regard to developmental research work, some comrades maintain that no funds should be allocated to it by the state, and that those involved in the projects should completely rely on their own efforts to raise funds for their projects. I myself cannot accept the view. This method will not work, at least before the charges for the transfer and scientific and technological results have become rational. We should realize that although developmental research does not belong to basic research, it is valuable to our national economy in the long run. Very often, it takes 4 or 5 years to complete some developmental research projects. Let us look at the example of

the technique of producing a thin film which can separate nitrogen from hydrogen. The technique has enabled us to separate nitrogen from hydrogen in the waste gas of a nitrogenous fertilizer plant, and then retrieve them. This will increase the output of the plant by 5 percent. The cost for producing such thin films is not high. However, we should spend several million yuan to import them. We should spend several tens of thousands of yuan on importing such technology. When a nitrogenous fertilizer plant is equipped with such technology, it can make a big profit for the state. However, under the present condition, it is impossible to ask nitrogenous fertilizer plants to contribute a certain sum of money to support this research project. A chemical biological research institute in Dalian supported the project with some of their operation expenses. Achievements were made after a few years of hard work, and the former plan of importing a production line for producing such thin films was cancelled. If the state does not make any investment in projects like this, we have to spend more foreign exchange on importing the technique. Practice over the past few years has told us that scientific and technological structural reform is not so simple as we formerly thought. We should proceed from reality and consider various factors.

Of course, as far as the Academy of Sciences is concerned, it should take the initiative in cooperating with enterprises, and in devising the best method for integrating science, technology and economy. This is the main trend of the times. Even a society like the (Max Brank) Society, a research organ which follow a traditional method of operation, is also seeking cooperation with the industrial field. The funds allocated by a very big pharmaceutical factory in West Germany to its research institutes have been larger than those allocated by the (Max Brank) Society to its subsidiary research organs. Therefore, if we fail to establish any links with industry, it will be impossible for us to participate in the competition in the future, or even to survive. The Canon Company of Japan is a medium-sized company. The amount of its scientific research funds has far exceeded the funds allocated by the state to the Chinese Academy of Sciences. Although efforts should still be made to perfect the mechanisms and system with regard to the integration between enterprises and scientific, technical force, such integration is the trend of our times, and cannot be avoided. It is precisely because of this reason that we believe that the method of "one academy, two kinds of organizations" is feasible. We hope that our scientific and technical workers, who are engaged in developmental research and running companies, will go deep into the society, and cooperate with various forces in the society to form an interrelated, multilayered and organic entity for our long-term interests. The relations between various units in this entity is not one of consecutive subordination. There should be very close ties between research departments and production departments. They should promote their exchanges in terms of personnel, information, funds, technical achievements, and so on. Research departments should also establish

close links with universities and colleges so that there will be networks in various quarters of the society. In so doing, we will be able to absorb various kinds of nutrition from the society, and popularize our scientific and technical achievement in the society.

Reporter: According to your views, in what respects should our propaganda work for science and technology be improved?

Zhou: We should mainly avoid thinking in terms of absolutes. We should seek truth from facts. For example, some people once suggested that we "seek topics for research from production." This was not a bad idea. The development of the history of sciences has proved this. However, if we give excessive publicity to the idea, it will be very hard to make a breakthrough in the progress of science. Generally speaking, most of the topics for research in science and technology are first discovered in laboratories. After that, they will be returned to production for confirmation. This was the case with the invention such as inscribed ferment (nei qie mei 0355 0434 5326), semiconductors, nuclear fission, and so on. Such topics for research could not be found in production. How could we fabricate them? We admit that economy is a main driving force for the development of science, but it is not the only driving force. The inherent law of the science itself has also played its role.

Regarding some new things, if we give excessive publicity to them, it will bring out some side effects. It is clear that the propaganda on the "Electronics Street in the Zhongguan Village" was "excessive." It was propagated as a typical example of "hi-tech undertaking." Actually, those who were responsible for the propaganda work were not clear about its contribution, and the existing problems. The success of the "Electronics Street in the Zhongguan Village" was in the new trials of the management mechanism, and the integration of technology, industry and trade. Good work was also done to improve the imported computers for local use, so that they could provide consumers with various kinds of services. Efforts were made to establish a commodity market of computer technology. Therefore, better results could be achieved. However, the amount of products manufactured on the basis of scientific and technical achievements was still limited. In the business volume, the proportion of income from trade was still too high. Most of the companies on the street were still far from becoming true high-tech enterprises. In the meantime, their commodity economic order was still to be improved. Due to the above-mentioned excessive propaganda, many places in the country are also trying to develop an electronics street. Actually, the capacity of the electronics market in our country is very limited. We should mainly rely on our state market. Only some big enterprises and state organs use computers. The Zhongguan Village is competitive because of its strong points in time difference and geographical position. So it can achieve something. However, if various parts of the

country rush along into mass action in order to follow the example of the Zhongguan Village, I do not think that many of the companies will develop in a healthy way and survive.

People in the scientific and technical circles place their high hopes on the newly published QIUSHI magazine, and wish that she will truly follow the practice of "seeking truth from facts" in her propaganda work for science and technology.

### **Brief Discussion on the Identity of Development of the Commodity Economy and Development of the Productive Forces**

HK0710134488 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 28-32

[Article by Xiong Yingwu 3574 2503 2745 of Heilongjiang University]

[Text] "Developing productive forces" has been designated as the fundamental task of the socialist society. The view that "full development of commodity economy is an insurmountable stage in the development of social economy" has become increasingly acceptable to the majority of the people. How to unify the development of commodity economy with the development of productive forces both in theory and in policy is a new topic for Marxism. And this new topic is calling for our further and in-depth study as well as detailed expositions.

#### **A Historical Necessity**

More than 200 years ago, the commercialization, industrialization, and capitalization of the social economy emerged simultaneously. Therefore, a history of capitalism is also a history of industrialization and a history of the popularization and rapid development of commodity economy. It seems that this is a historical coincidence. As a matter of fact, this is a natural manifestation of the development of social productive forces.

Several thousand years ago, by carrying out the "agricultural revolution," mankind succeeded in casting off its primitive status and creating the new productive forces (handicraft productive forces for short) which was based on handicraft technology and characterized by the combination of agriculture, animal husbandry, and handicraft industry. As a result, mankind entered the era of civilization. Although the handicraft productive forces were much more advanced than the primitive productive forces, they had their limitations and were strong local, self-confined, and conservative in nature. Especially, under the structure of the natural economy, the handicraft productive forces developed rather slowly. The Industrial Revolution which took place in Europe in the late 18th century succeeded in creating new machinery productive forces, promoting the further development of the commodity economy, and replacing the

feudal system with the capitalist system, and creating the miracle of industrial civilization. The "Manifesto of the Communist Party" stipulated: "The bourgeoisie, during its rule of scarcely one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalisation of rivers, whole populations conjured out of the ground—what earlier century has even a presentiment that such productive forces slumbered in the lap of social labor?" <sup>1</sup>

Reviewing this part of history is very significant to us. However, it is a pity that Marxists of that time failed to make a wholly scientific judgement on this part of history. This can be seen in the following two aspects:

First, as early as in the mid-19th century, Marx believed that the capitalist system, which had actually created colossal productive forces, seriously hampered the development of the productive forces and therefore would soon become extinct.

Second, in the days of Marx and Engels, many Marxists believed that after capitalism was replaced by socialism, the commodity economy would become extinct. And even the political economics, which was devoted entirely to the study of commodity economy, would also become extinct. In his "Anti-Duhring," Frederick Engels predicted: "The seizure of the means of production by society eliminates commodity production and with it the domination of the product over the producer. The anarchy within social production is replaced by consciously planned organization. The struggle for individual existence comes to an end." <sup>2</sup>

It was because he regarded commodity economy as the exclusive economic form of capitalism that Marx designed a "non-commercialized socialist model." In Volume 1 of his "Capital" (1867) and in his "Critique of the Gotha Programme" (1875), Marx drew up such a blueprint for the future socialism: "Within the cooperative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labor employed on the products appear here at the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labor no longer exists in an indirect fashion but directly as a component part of the total labor." <sup>3</sup> "In this way, the time of labor plays a dual role. The planned social distribution of the time of labor rationally adjusts the proportion between the various functions of labor and various demands. On the other hand, the time of labor is also the measure of the amount of labor an individual producer contributes to the common labor and is therefore the measure of an individual producer's consumption of the common product." <sup>4</sup>

Later on, the non-commercialized socialist model designed by Marx was simplified by the later generations of Marxists as:

The socialist economic system ; public ownership of the means of production "planned economy " distribution according to work.

Today, in order to blaze a new trail for the socialist construction, carry out the reform, and implement the policy of opening up to the outside world, we should try to acquire a new understanding of socialism, capitalism, and commodity economy as well as a new understanding of the interrelationship between socialism, capitalism, and commodity economy. To this end, we cannot but carry out a review and appraisal of all the traditional theories and concepts of Marxism. "Gaining new insights through restudying old material" is still an important method for studying Marxism.

### The 20th Century's Experiences

The October Revolution ushered in a new era in socialism. Between 1917 and 1920, Lenin once tried to implement non-commercialized socialism in the Soviet Union. (In "A Short Course of the History of the Communist Party of the Soviet Union (Bolsheviks)," such non-commercialized socialism is referred to as the "wartime socialism.") Lenin was a pragmatic man. He soon discovered the defects of such non-commercialized socialism. In 1921, Lenin resolutely implemented his new economic policies. However, the new economic policies were only a tactical change aimed at giving more benefits to the peasants and putting an end to the urgent grain crisis. Lenin passed away before he could theoretically expound on whether or not commodity economy and socialism were mutually tolerable.

The Soviet Union's practice of building socialism for the past more than 70 years and China's practice of building socialism for nearly 40 years have resulted in the same conclusion: The socialist product economy has no superiority at all; in terms of labor productivity, economic results, and some other aspects of economy, the socialist product economy has proved to be inferior to the capitalist commodity economy. Although this conclusion is not a pleasant one, it has presented an undeniable fact to us. It goes without saying that the structure of product economy has offset all the superiority of socialism.

For example, after substituting the private ownership of the means of production with the public ownership of the means of production, we should establish coordinated relationship of interests, more effectively make use of the means of production under the public ownership, and promote the smooth development of production. In his influential book entitled "Economic Problems of Socialism in the USSR," by making a comparison between the socialist economic system and the capitalist

economic system, J. V. Stalin expounded on the "superiority" of the socialist economic system: "Consequently: instead of maximum profits—maximum satisfaction of the material and cultural requirements of society; instead of development of production with breaks in continuity from boom to crisis and from crisis to boom—unbroken expansion of production; instead of periodic breaks in technical development, accompanied by destruction of the productive forces of society—an unbroken process of perfecting production on the basis of higher techniques."<sup>5</sup> However, under the structure of product economy, the interests of the whole society can not be unified. Instead, the relations of interests between the state and localities, between the state and enterprises, and between the state and individual laborers turn out to be distorted. As a result, the strange phenomenon of "eating from the same big pot," which means "eating from the big pot of socialism" emerges. People, in turn, show no concern for public property and are not concerned about how to increase public property. On the other hand, people vie with one another in trying to "eat as much as possible from the big pot of socialism." Probably, this is the "reverse behavior" resulting from the fact that the interests of localities, enterprises, and individual workers have been harmed! During the period of industrialization of the 1920's to 1930's, a so called theory of "socialist primitive accumulation" once prevailed in the Soviet Union. According to the theory of "socialist primitive accumulation," the Soviet Union should accumulate a huge amount of capital needed by its industrialization only by purchasing farm products at low prices and selling industrial products at high prices. Since that was a theory harmful to the interests of the peasants and detrimental to the relations between the workers and the peasants and between the state and the peasants, it failed to coordinate the relations between the workers and the peasants and between the state and the peasants. This was also the fundamental reason why the Soviet agriculture stagnated for a long time. As early as 1950's, China criticized the Soviet Union "of seriously jeopardizing the interests of the peasants." However, China itself later implemented the same policy though not to the same extent. In about 30 years' time, through scissors movement of prices, China's agriculture provided some 600 billion yuan to 800 billion yuan to the state.<sup>6</sup> We should be aware that our country's good momentum of narrowing "price scissors" by raising the prices of farm products over the past few years has now been reversed by the rapid rise of the prices of industrial products, especially the rise of the prices of the means of agricultural production. In China, there is a "poor province which has a high grain yield." The per capita grain of that province is 720 kilograms. The province annually provides 3.5 billion kilograms of grain to other parts of China, among which some 2.5 billion kilograms of grain are exported to foreign countries. The commodity rate of grain production of that province has reached 60 percent. These major economic indexes all rank very high in the whole country. However, the more grain that province produces, the more money it loses. The rural areas of that province are now in a debt of 2 billion yuan,

which means the per capita debt in the rural areas of that province has exceeded 130 yuan.<sup>7</sup> China is still an agricultural country whose rural population accounts for 80 percent of its entire population. Under such circumstances, abnormal relations between industry and agriculture will have an overall and long-term impact, instead of a partial and short-term impact, on the development of China's national economy. Therefore, it can be said that a structure incapable of coordinating the relations between industry and agriculture has no superiority at all and neither can it promote the development of the productive forces.

Fairness is one of the fundamental principles of socialism. However, under the structure of product economy, fairness can only be achieved at the expense of efficiency. As a result, the productive forces will stagnate at a low level for a long time, which will in turn create common poverty. Under the structure of product economy, fairness is misunderstood as common poverty. Because the structure of product economy is devoid of the mechanism of competition, it will certainly encourage laziness and corruption. According to the estimates of the Ministry of Labor and Personnel, China at least has a total of 20 million in-service "jobless" workers. Some people have even estimated that the number of in-service "jobless" workers in China has reached between 25 million to 30 million. Calculated on the basis of the per capita expenditure of 2,000 yuan, which include wages, labor insurance, welfare, and so on, the total state expenditure on such a big "unemployed army" has reached between 50 billion and 60 billion yuan, which is equivalent to almost half of the revenue turned over to the state by all the enterprises of China. According to the calculation of the deputy mayor of a certain city in China, the workers and staff in most of the enterprises in his city work for only a bit over 3 hours a day.<sup>8</sup> Lenin once made a famous remark: "In the final analysis, labor productivity is something most fundamental and most important in guaranteeing the success of a new social system."<sup>9</sup> Our "iron bowl" can only create low efficiency and can in no way guarantee the success of a new social system.

The structure of product economy will also freeze the key elements of production into an irrational state. Therefore, under the structure of product economy, it is extremely difficult to reorganize and rationalize the key elements of production. Instead, an abnormal phenomenon characterized by coexistence of lack of products and overstocking of products, of lack of qualified personnel in some departments and units and surplus of qualified personnel in other departments and units, and of shortage of electric power and poor transportation capacity on the one hand and rapid development of processing industry on the other will be found outstanding in the society.

The superstructure of product economy will no doubt develop into a huge bureaucratic institution and an ossified ideological structure so as to form a special

social environment in which it is extremely difficult to do fair and reasonable things but extremely easy to do wrong and bad things.

All in all, socialism based on product economy can only be a socialism characterized by low efficiency and poverty. Therefore, socialism based on product economy lacks vitality and needs to be reformed. This is perhaps the basic conclusion reached in all the socialist experiments in the 20th century.

### The Only Choice

Under certain conditions, social development can directly enter the stage of socialism by leaping over the stage of capitalism. This fact has been verified by the practical experiences of a number of socialist countries that have emerged in Eastern Europe and Asia in the 20th century. However, the experiences of these socialist countries have also proved that no country in the world, be it capitalist or socialist, can leap over the stage of industrialization and great development of commodity economy.

I'd like to divide the development of social productive forces into the following four stages in accordance with their respective characteristics: the stage of primitive productive forces; the stage of handicraft productive forces; the stage of machinery productive forces; And the stage of modern productive forces.<sup>10</sup> During the period of handicraft productive forces, the basic production department was agriculture. The agricultural production was mainly a process of natural reproduction. Because the social division of labor was rather backward at that time, natural economy became the basic form of ancient production. The handicraft production method under the natural economy was the real cause of the slow development of ancient productive forces and ancient culture and determined that the people in the ancient times generally stuck to conventions in their social life. As a result, the human society experienced very little change for several thousand years during the period of handicraft productive forces. The industrialization and commercialization of social economy, which appeared on the basis of a well developed social division of labor and commodity exchange no doubt introduced the powerful mechanism of competition into the social life so as to give an impetus to the technological progress and development of the productive forces. It was by relying on the industrialization and commercialization of social economy that the bourgeoisie, during its rule of scarce one hundred years, produced more massive and more colossal productive forces than had all preceding generations together. For several decades after the Second World War, by relying on the international commodity exchange and the modernization of such exchange, the economically developed countries in the world succeeded in developing the social productive forces to a level unattainable in the two preceding centuries. Such a

rapid development of social productive forces once again proved that commodity economy is still the most effective form for developing social productive forces.

Marxists once tried to avoid the various evils caused by the capitalist commodity economy by adopting non-commercial economic forms (such as production anarchy, periodic economic crises, money worship, and so on) with a view to guaranteeing the smooth development of social productive forces in the best environment. The socialist practice of various countries in the world over the past more than half a century has not been able to realize this ideal. Instead, the socialist practice of various countries in the world over the past more than half a century has resulted in a socialism based on the product economy with low efficiency. As a matter of fact, the product economy has accomplished nothing more than expanding the natural economy. Under the structure of product economy, although currency price exists and there is a market for commodity exchange, the state planned price has actually deprived commodity price of its function of regulating the supply and demand on the market. The supply system, which consists of the state monopoly for purchase and marketing and state assumption of unified responsibility for profits and losses of the enterprises, has completely ruled out the possibility of the existence of a competition mechanism. As a result, commodity economy has actually ceased to exist except in name. From this, we can see that the establishment of the structure of product economy is nothing but a retrogression toward natural economy and thus goes against the trend of the history. In order to conform with the trend of the history, we must take the road of developing commodity economy and building a socialism based on commodity economy.

At present, China is still at the initial stage of socialism. After deciding on the general orientation of developing commodity economy, China still has to carry out an in-depth and careful study on a major question: Should China greatly develop the socialist commodity economy while allowing the private commodity economy to develop only in a limited scope or should China allow the private commodity economy to develop hand in hand with public commodity economy?

In my view, the simultaneous development of the public commodity economy and the private commodity economy is the inexorable trend of China's economic development at the initial stage of socialism. This is because:

First, as far as the whole world is concerned, the capitalist commodity economy still has great vitality, still provides commodities and labor services to the majority of the people in the world, and still controls the world market. As far as China is concerned, the capitalist commodity economy has always been very small and weak and has never become a threat to the present regime. Before the founding of the PRC, Mao Zedong had said: "People have powerful state apparatus in their hands so that they are not afraid of the rebellion on the part of the national

bourgeoisie."<sup>11</sup> Now our country has had a powerful socialist economy. Therefore, there is no need for us to fear that the development of a capitalist economic sector will become a threat to the state. Although there are no specific figures, it is estimated that the output value of the private commodity economy and the total sales volume of the products produced by the private commodity economy account for only less than 10 percent of our country's gross national product. Therefore, if we adopted policies to allow only a limited development of our country's private commodity economy, which is rather small and weak at present but which is indeed beneficial to our national economy and people's livelihood, we would certainly create some unimaginable obstacles which would hamper the development of the part of the productive forces represented by the private commodity economy (we should also take into full account the impact of the "disease of fearing capitalism"). However, if we allow the private commodity economy of our country to develop further and even allow the output value of the private commodity economy to account for 20 to 30 percent of our country's gross national product, the socialist economy will still be able to remain dominant in our country's national economy.

Second, allowing the private commodity economy to develop to the full will help to divert a large amount of currency from the hands of the individual citizens to the production sphere so as to support the expanded social reproduction and reduce the strains on the state finance. It is reported that between 1978 and 1986, the private operators of our country made a total of over 21.2 billion yuan of investment in the expanded reproduction, which accounted for 26.4 percent of their total net income during the same period. During the same period, the private operators of our country withdrew some 59.12 billion yuan, which accounted for some 73.6 percent of their total net income, from their operational activities and spent some 83.83 billion yuan on paying wages to the staff and workers employed by the private enterprises of our country. Therefore, between 1978 and 1986, the private operators of our country turned a total of 142.95 billion yuan into consumption funds.<sup>12</sup> This is not only a type of serious waste but also a heavy burden on the market. It is obvious that if we adopt policies to allow the private economy of our country to develop further, we will be able to turn a large amount of currency presently in the hands of the individual citizens into reproduction funds. Moreover, allowing the private commodity economy to develop to the full will enable us to make use of the technologies and managerial experiences of the private operators and will create more jobs so as to alleviate the problem of unemployment.

Third, we should allow both the public commodity economy and the private economy to develop further and simultaneously within the limit of the law and allow the public commodity economy to compete with the private commodity economy on the basis of equality. Perhaps, this is a good way to improve the economic results of the state enterprises.

All in all, by proceeding from the basic point of developing productive forces, we should adopt measures to promote the rapid and simultaneous development of both the public commodity economy and the private commodity economy throughout the entire initial stage of socialism.

### The Danger We Should Be On Guard Against

People often talk about the problem of commercial fraud, which is a widespread problem in our country at present. Obviously, some people still have worries and reservations about developing commodity economy. This is both a theoretical and a practical question which we must face squarely in all our endeavors.

If we look at the modern history of Western Europe, we will find that Britain, France, West Germany, Italy, and some other West European countries all experienced the period in which "commerce was highly valued." That was also a period of transition from natural economy to commodity economy. During that transitional period, all the West European countries had no well-developed commodity economy, market system, and legal system, so commercial fraud prevailed in those countries. In his "Outlines of a Critique of Political Economy" published in 1844, Engels wrote: "Commerce is a type of licensed fraud." "This political economy or science of enrichment born of the merchants' mutual envy and greed, bears on its brow the mark of the most detestable selfishness."<sup>13</sup> In 1892, when writing the Preface to the Second German Edition of "The Condition of the Working-class in England" (which was published in 1845), Engels pointed out: "The state of things described in this book belongs today, in many respects, to the past, as far as England is concerned. (Though not expressly stated in our recognized treatises,) it is still a law of modern political economy that the larger the scale on which capitalistic production is carried on, the less can it support the petty devices of swindling and pilfering which characterize its early stages."<sup>14</sup> It goes without saying that along with the development of the commodity economy, particularly along with the formation of the buyer's market, the objective law will compel people to carry out exchange at equal value and trade fairly with one another. As a result, the problem of commercial fraud will be greatly alleviated.

Will China also experience a period of transition from product economy to commodity economy, during which "commerce is to be highly valued"? In my view, China is bound to experience such a transitional period. What China should wisely do during such a transitional period is not to try to regress to the era of product economy but to make the best use of the present situation to shorten the transitional period and alleviate the problem of commercial fraud. Only by facilitating the reform, developing the commodity economy, changing the economic situation characterized by lack of commodities, and establishing a new order of commodity economy will we be able to eliminate various confused phenomena in

the society. In my view, the "mentality of valuing commerce" is not fearful. What is fearful is the "commercialization of powers" and the "association between officials and businessmen," which will create a new market monopoly and give free play to the much-condemned practice of "seeking private gains by abusing powers."

Why have some of the reform measures failed to achieve their desired results? For example, as far as the price reform is concerned, we have adhered to the principle of regulating prices and relaxing control over prices and allowed dual prices (state prices and negotiated prices) for some products within a certain period of time. Such a reform measure is easily acceptable to the masses and is unlikely to cause any social disorder. However, under the conditions of the "commercialization of powers," such double-track price structure has nearly become a hotbed for "seeking private gains by abusing powers." For another example, during the period when the new order of commodity economy has not yet been established, the implementation of the reform measures aimed at delegating more decisionmaking powers to the lower levels and invigorating the domestic economy often provides good opportunities for some "special businessmen," who have decisionmaking powers in their enterprises and units, to get rich by foul means. Therefore, today, in furthering China's reform, we should coordinate the reform of the economic structure with the reform of the political structure and simultaneously push ahead with these two reforms. With regard to the reform of the economic structure, we should coordinate the reform of the price structure with our efforts to establish a market structure, transform the ownership structure, turn enterprises into independent economic entities, and establish a macroeconomic regulation and control mechanism. Any attempt to implement any one of these reform measures ahead of the others must be strictly avoided.

### Footnotes

1. "Selected Works of Marx and Engels," Volume 1, Page 256
2. "Selected Works of Marx and Engels," Volume 3, Page 323.
3. "Selected Works of Marx and Engels," Volume 3, Page 10.
4. "Complete Works of Marx and Engels," Volume 23, Page 96.
5. "Selected Works of Stalin," Volume 2, Page 569.
6. Please see RENMIN RIBAO published on 29 June of 1988.
7. Please see JINGJI RIBAO published on 13 June of 1988.

8. Please see RENMIN RIBAO published on 13 June of 1988.

9. "Selected Works of Lenin," Volume 4, Page 16.

10. For details, please see my book entitled "Principles of Economics Regarding Productive Forces" published by Heilongjiang People's Publishing House in 1987.

11. "Selected Readings of the Works of Mao Zedong," Second Volume, Page 684.

12. Please see "SHIJIE JINGJI DAOBAO" published on 15 February, 1988.

13. "Collected Works of Marx and Engels," Volume 1, Page 601, 596.

14. "Selected Works of Marx and Engels," Volume 4, Pages 271-272.

### **Bureaucratic Politics and Bureaucratism in the Feudal Society of China**

*HK1210102888 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 33-38*

[Article by Bai Gang 4101 6921]

[Text] Bureaucratic politics is a political form derived from and emerging at the same time as the feudal dictatorship in China. To secure their domination, the feudal emperors had a large standing army to prevent and suppress any resistance from the people as well as a large contingent of bureaucrats to effectively rule the country. The feudal bureaucrats of China had their origins in the clan officials of kings during the age of the slave system. Therefore bureaucrats were first and foremost slaves of the king. The Qin kingdom conquered other kingdoms and ruled the whole of China. The head of Qin became the emperor and set up a hierarchical government with such positions as the prime minister, imperial official, prefectoral head, county head, etc., which set a precedent for bureaucratic politics in China. In the 2000 years or so that followed, this system was revised in each dynasty and became a feature of the feudal political system in China.

Throughout the centuries, the assessment of the first Qin emperor as a founder of feudal dictatorial bureaucratic politics has been mixed. He was both praised and condemned. After the middle of the Ming dynasty, feudal dictatorial bureaucratic politics had increasingly become an obstacle to socio-economic development. It had also widened the gap between China and the new capitalist countries in the West. Therefore, advanced Chinese thinkers wrote a great deal vigorously attacking this kind of politics. After the Opium War, far-sighted members of society took the lead in demanding an end to feudal dictatorial bureaucratic politics. During the Hundred Days' Reform at the end of the Qing dynasty, bourgeois

reformists proposed the establishment of a constitutional monarchy. The 1911 revolution overthrew the Qing dynasty and there was a call to "eliminate all dictatorial systems that had prevailed for several thousand years," which created a stir in society. From the May 4th Movement on, revolutionary pioneers combined changing feudal dictatorial bureaucratic politics with revolutionary practice by taking part in heroic struggles. It was not until 1949, when the PRC was founded, that traditional feudal dictatorial bureaucratic politics was overthrown in China.

However, because of our low level of social productivity and the inadequate development of the socialist commodity economy, the negative influence of feudal dictatorial bureaucratic politics was one of the reasons for our inability to thoroughly change our enclosed and backward natural economy. Also, the people's social psychology as shaped by the traditional political culture did not end with the overthrow of feudal dictatorial bureaucratic politics. Therefore, as early as 1980 comrade Deng Xiaoping pointed out in his report on "the reform of the party and state leadership system" that "now we must define the task of the continual elimination of the vestiges of feudalism in ideology and politics and introduce a series of reforms of the system, otherwise the state and the people will suffer more losses." The report to the 13th party congress also emphasized that "some major flaws exist in the actual operation, organization, and work of the leadership system in the sense of extreme centralization of power, grave bureaucratism, and the active influence of the vestiges of feudalism." Therefore, it is meaningful to re-examine the basic characteristics of the feudal dictatorial bureaucratic politics in China and the negative influence of bureaucratism which derived from it. This will enhance our understanding of the situation in China and help us to use our strengths and overcome our weaknesses better in the reform of our political system.

### **I**

Chinese bureaucratic politics led to the formation of a comprehensive system of civilian officials with a long history. Compared with the political systems in the history of other countries, it was the most advanced in selection, grading, conditions and salaries, assessment of performance, supervision, reward and punishment, differentiation between administrative and vocational work, and that between limited and permanent periods of service. However, the civilian government of feudal China differs from the modern civilian government of the West in the following ways.

First, the officialdom served the emperor and therefore there was a strong sense of individualism in Chinese bureaucratic politics. In the old system, the emperor had the sole power over the creation or elimination of positions in the officialdom and the recruitment of bureaucrats. Bureaucrats of all ranks were only tools to realize the emperor's intention and to rule the people.

Therefore, the bureaucrats worked for the emperor and must be loyal to him. In Emperor Wu's times in the Han dynasty, there was a court attendant named Kong Anguo who was respected just because his duty was to hold the spittoon for the emperor. It shows that although he was some kind of official, he was in fact a slave to the emperor. Besides, all those whose rank equaled that of the prime minister were actually mere slaves to the emperor. Because they were slaves, the emperor had the power to control their fortune and could arrest or punish them as he liked. For example, in the Tang and Ming dynasties there was the practice of flogging the officials with a cane as a form of punishment. The emperor could insult the bureaucrats as he pleased or throw money on the floor for them to pick, like a master throwing meat at a dog. The latter deed was veiled by the words "the favor vouchsafed by the emperor." So the dependency of the bureaucrats on the emperor and of low ranking bureaucrats on high ranking ones was set up on the political stage of the feudal society. We all know that the words of the feudal emperor were law and his bureaucrats had to obey him regardless. All officials had to do as the emperor said. Therefore the quality, personality and views of the emperor had a determining influence on the officials. The bureaucrats decided what to do by watching the emperor's facial expression. They were good at obeying the emperor and their superiors and working against the will of the people. They were not responsible to the latter at all. This practice stamped a brand on bureaucratic politics. As the saying goes, "when the ruler is alive, his administrative system is in force; when he is dead, it vanishes too." This is why for more than 2000 years, the helpless Chinese people prayed for enlightened emperors and officials to help them out of adversities.

Second, although the system of selection of bureaucrats was superb, it was enclosed in terms of subject and content as well as method and procedures of selection. Examples are as follows.

(1) In the selection systems of the east and west Han dynasties, the Wei-Jin dynasties, and the post-Tang and Song dynasties, the power to recommend was always in the hands of the officials. The people had no say in it and their opinions were never reflected. Therefore that system was just the opposite to the modern system of selection by the people in the form of voting. The quality of the bureaucrats selected in the old system was very questionable. For example, in Emperor Ling's times in the east Han dynasty, there was the strange phenomenon of "so-called scholars who passed the imperial examination but knew little about the classics, 'filial sons' who did not even live with their fathers, 'righteous' officials who were actually very corrupt, and high ranking generals who were as cowardly as chickens." In the hierarchical system of the Wei-Jin dynasties, promotion and demotion rested on the feelings of one person. The book "A General History of the Jin Dynasty" strongly criticized this system. The introduction of the imperial examination system was a point of departure from the

old system of inherited monopoly by aristocratic families, but only on the surface. The subjects and content of the examination never went beyond the scope of the classics. There were occasional exceptions, such as the examination system of the Tang dynasty, in which the emperor himself tested the scholars with all kinds of subjects that he had created subjectively. Those who succeeded the examination were immediately promoted. The eight-legged essay became the standard form of examination in the Ming and Qing dynasties. It only trained scholars to write lengthy but mundane essays which were basically repetitions of the classics in different words. Therefore, such a system selected tools of power, not talents. Those who succeeded usually lacked creativity and the aspirations to improve society. They were good at memorizing routine details and controlling the people, but seriously lacked the scientific knowledge to promote social development or the intelligence to develop the economy and to improve the people's lives. This selection system gave a conservative character to the officialdom which only followed the beaten track. It was a major cause for the enclosed Chinese feudal bureaucratic politics.

(2) Throughout the dynasties, there were two important supplementary methods to the feudal selection of bureaucrats: The spillover of the emperor's mercy by appointing the sons of officials, and political appointment of those who donated the required amount of money. In the former method, the sons or grandsons of officials obtained positions in the officialdom that were lower ranking than their ancestors' positions. The criterion of appointment was the blood line, not merit. It was the remnants of the hereditary system and a feudal privilege. The continual mercy system was introduced in the Han dynasty. It matured in the Tang dynasty and became excessively practised in the Yuan, Ming, and Qing dynasties. In spite of opposition to the continual mercy system, the ruling class relied more and more heavily on it as they felt more secure about their rule only when they placed those they trusted in government departments to extend their rule over the state. In Emperor Huan's times in the Han dynasty, sons of officials were appointed even at the prefecture and county levels. In the Tang dynasty the continual mercy system became more sophisticated. Not only was it practised among relatives of the imperial family, but other officials also enjoyed this privilege. Therefore, the system was extended to a very large scope. In the dynasties that followed, the system became more and more important. In the Song dynasty, even the hangers-on of aristocrats could take advantage of this system. In the Ming dynasty, it applied even to eunuchs. For example, the younger brothers, nephews, and foster-sons of people like Wang Zhen, Cao Jixiang, and Wei Zhongxian benefited from this system. Because of this system, bureaucratic politics became more enclosed than before and the quality of the bureaucrats dropped and deteriorated.

In the second supplementary method, those who wanted to become officials had to first donate money to the

court, i.e., bureaucratic politics became commodified. In the Qin dynasty, one could gain entry to the officialdom by donating grains. In the east and west Han dynasties, one could do so by donating in kind. Once this method was introduced it continued for 2000 years. The rulers adopted this method for financial reasons: to prevent floods by regulating the rivers, to strengthen defense along the borders, to provide relief for those who suffered from natural disasters, or to raise money to support the army. In all cases, the aim was to raise money. We cannot say that all those who purchased their positions were incompetent. For example, Sima Xiangru, who was well-known in the west Han dynasty, got his position by purchase. However, he was one of the very few competent people who purchased their positions. The others were not outstanding and therefore led to a drop in the quality of the bureaucrats. In addition, they promoted corruption and so bureaucratic politics deteriorated. In the donation system one could trade for positions in the officialdom and it was the preserve of wealthy merchants and members of official families. Once these people obtained the positions they wanted, they would abuse their power, engage in corruption and extortion, and earn back the money they had spent to buy the positions. Bureaucrats who gained entry to the officialdom by donation were often more daring than those who became officials after passing the imperial examination in committing crimes and cared less about their honor.

(3) Another characteristic showing how enclosed bureaucratic politics became was promotion by seniority. In the north Wei dynasty, the system of seniority was based on length of service. Since then the system had become established. In the Song dynasty, a person named Sun Zhu wrote an article "On Qualifications" to criticize the system. He stated that "the competent officials were low ranking and the high ranking ones were incompetent as they were obstructed by the system. The vile persons were promoted because they had been there long enough whereas the gentlemen had to stay in lowly positions. Those in important positions were not qualified for them." If the seniority system made bureaucratic politics more and more enclosed, the draw system introduced in the Ming dynasty was even more absurd. Although the system aimed at avoiding nepotism and intervention by influential officials, selection of officials by lucky draw was like gambling. It had no substance at all.

Third, throughout the dynasties, there were the positions of low ranking officials. These were people who actually carried out the tasks and whose work complemented the role of the senior officials. They formed the substance of bureaucratic politics.

Senior officials and junior officials occupied different positions in the bureaucratic hierarchy. The former made decisions and the latter executed them. They differed in job duties, length of service and political quality. Lu Jiuyuan and Zhao Tuishu of the Song dynasty said that "senior officials came from other places and junior officials are often natives." This was

because senior officials were always transferred to different places. Although the junior officials did not belong to the senior ranks, their positions were permanent. They could even be inherited by sons or younger brothers of the junior officials. As a result, junior officials dominated the officialdom at all levels. Execution of all major and minor decisions were in their hands. Even prime ministers found they could not proceed with their work if the junior officials were not around to help. The junior officials took advantage of their special position to work for their own ends and this led to the increasing deterioration of bureaucratic politics. Examples are as follows.

They delayed the work and reduced administrative efficiency. For example, in the Yuan dynasty the routine work of the central chancellery was often delayed by junior officials. When the commissioner of the anti-corruption department tried to trace a document, he discovered that the document had been held for 8 months. Scholars selected to join the officialdom could wait for a year or even two for posting due to delay caused by junior officials. Similar cases were common in the Song, Ming, and Qing dynasties as well.

The junior officials manipulated the officialdom, made things difficult for the local governments, extorted, and disrupted the administrative order. They were even more skillful in forging seals and making illegitimate changes in documents and mixing up right with wrong.

In handling taxation, recruitment of soldiers, and criminal cases, junior officials often extorted and killed people mercilessly. In the Song and Yuan dynasties, recruitment of soldiers was based on the rank of each household. However, the registration of households and revision of records were in the hands of junior officials. In criminal cases, junior officials took advantage of their handling the cases to distort the facts and openly extorted. Such examples were numerous in all the dynasties. Therefore the junior officials had been vigorously criticized for the disasters they brought to the people. Some people called it "raising millions of tigers and wolves among the people." This shows how rotten bureaucratic politics was.

## II

Bureaucratic politics had many problems, the most serious of which was bureaucratism. Bureaucratism was an inevitable product of bureaucratic politics and a demon that bureaucratic politics could never get rid of.

Bureaucratic politics and dictatorship combined to give the feudal Chinese political system the characteristic of prerogative politics. The political power in prerogative politics is not used to express the people's opinions or to improve their well-being. It is used to rule and enslave the people in the name of the state, when the actual aim is to make profit for oneself. Therefore, throughout the dynasties many dreamed of entering the officialdom to share a certain amount of power under the protection of

the dictatorial emperor. In the days of the imperial examination system, scholars could spend tens of years studying, hoping that one day they would be admitted to the officialdom. Once they became officials, they would try their best to remain in their positions or to get promoted. The suffering of the people was not their concern at all. Zhen Banqiao of the Qing dynasty put it succinctly, "Once they touched a book, they wanted to pass the imperial examination and become officials and thought of how to grab money, build mansions, and buy land and property." Therefore, to please those in power and oppress those who were not became the common personality of bureaucrats. Bureaucratism was best illustrated in two aspects. First, when handling a case bureaucrats hardly considered the complex conditions of reality. They would just do things as their predecessors had done and follow the examples of previous cases. They just tried to avoid making mistakes and never aimed at improvement. Second, when handling a case, they would try their best to read the minds of the emperor and senior officials and appease them. They dared not assume responsibility in administrative work or be creative. They just did what they were told to do in an irresponsible manner.

Second, all emperors in the history of China tried their best to maintain a relationship between the imperial power and the bureaucracy so that they could manipulate the state mechanism. When a new dynasty was founded or when a competent emperor began his rule, the bureaucratic organization would be revised. The emperor tried to control his officials and keep his power in his hands by setting up all kinds of restraints on the bureaucratic organization and the officials. However, this also enabled the bureaucrats to dominate in two aspects. First, the strategy of letting the royal relatives control the officials and the junior officials control the senior ones gave relatives of the empress and eunuchs power and an opportunity to usurp the emperor's power. The officials would be afraid of offending them and become ambiguous and timid in their work. So they would ask for advice on everything and documents would have to travel back and forth before a decision could be made. The officials would also throw the responsibility onto each other and avoid any challenge. Second, there would be redundant departments and officials and the latter would not be qualified for their jobs. For example, in the Song dynasty, there were departments in the central government, but there was also a similar department in the court which was redundant. The same work was often assigned to three or four sub-departments. Besides, there were "messengers" whose title did not match their work. They did not necessarily have any duties, but they were there to await assignment. In this way the organization became complicated, the bureaucracy expanded endlessly, and there were too many people for the work. Although the Song government streamlined the bureaucracy more than ten times, the result was always disappointing and the rapid increase of redundant staff simply did not stop. According to relevant texts, the bureaucracy during the west

Han dynasty consisted of 120,000 people. By the Tang dynasty it had reached 368,000. During the south Song dynasty, although the empire was reduced to a small area, the bureaucracy was 573,000 strong. The growth of the bureaucracy was much faster than that of the population. There were three redundancies in the Song dynasty: redundant officials, soldiers, and expenditure. There were four redundancies in the Yuan dynasty: redundant documents, affairs, senior officials, and junior officials. Redundancy was a common problem of bureaucratic politics and it remained so throughout the dynasties.

Third, in the times of bureaucratic politics, being a bureaucrat was a permanent job. Bureaucrats were responsible to their superiors, not to the people. Therefore, the officialdom became the source of all social evils. Bribery, corruption, violation against the law, forgery, nepotism, and even doing things "through the back door" were all expressions of bureaucratism.

For 2000 years, just and righteous officials were praised by historians and respected by the people. This shows how valuable it was to have good officials and how rare they were. The harsh punishment for corrupt officials and the large number of such cases reflect precisely how common they were. History books tell us that corruption and bribery became more and more common and their means became more and more cunning. They did not decline in the face of harsh laws against them. The Book of the 24 Histories is actually about the history of corruption. In the Ming dynasty, corrupt officials were severely punished. The punishment was shockingly cruel. However, it was still unable to check the ever growing corruption. It shows how incurable this problem was. In the Qing dynasty, there were even more redundant and irresponsible bureaucrats who abused their power for personal ends. For example, Emperor Jiaqing had the house of the corrupt official Heshen searched and confiscated property worth 1 billion taels of silver. Major corruption cases that almost matched the Heshen case were common in the times of emperors Kangxi, Yongzheng, Qianlong, and Jiaqing. These facts of history show that the extent of corruption was not related to a strict or lax law against corruption. Corruption was an inevitable manifestation of bureaucratism.

Corresponding to corruption and bribery by officials was the formation of cliques and the officials protecting each other, or rivalry among them. The aim was always to defend their status and privileges. The officials attached no importance to their work. So there was political corruption which was another expression of bureaucratism. For example, Ouyang Xiu of the Song dynasty revealed the rivalry among the officials. "They attacked each other for personal reasons. They made a large issue of a minor matter and spread harmful rumors against their enemies. They emphasized their own merits and tried to succeed in what they did. They created tales to hurt each other and tried to confuse the emperor. The performance of the court and the safety of the nation

were not their concern at all." Another example is the formation of cliques among the officials in the Qing dynasty, which strengthened the position of individual officials. Nepotism and "going through the back door" became a common practice. This shows that the fundamental feature of bureaucratism was to sacrifice public interest and serve private interest. It could only be detrimental to the nation and the people and administrative efficiency was out of the question.

### III

There was an objective inevitability for the long-standing existence of feudal dictatorial bureaucratic politics in Chinese history. As a superstructure of the feudal society, it was parallel to the landlord economic system in the natural economy. An underdeveloped commodity economy, a small domestic market and prevalent small-scale production were the objective conditions for the long-standing existence of bureaucratism. The feudal dictatorial bureaucratic politics which relied heavily on one person's reign was the internal basis for the existence of bureaucratism. For these reasons bureaucratism became endemic in China.

Of course, bureaucratism was not the "quintessence of Chinese culture" only. The civilian government system in the West in the modern age is actually a form of bureaucratic politics and a breeding ground for bureaucratism. However, due to different economic and social conditions, the bureaucratism derived from the feudal dictatorial bureaucratic politics in China has a stubbornness and decadence unlike its counterparts in the West.

As we all know, our socialism emerged from a semi-feudal and semi-colonial society. After the founding of the PRC, especially since the late 1950s, mistakes in guiding ideology and work caused us heavy losses of time. Now our level of productivity is far lower than that of developed capitalist nations and our level of socialization of production for the development of the socialist ownership system is still very low. Besides, our commodity economy and domestic market are still underdeveloped and our natural and semi-natural economy still account for a considerable proportion. In politics these socio-economic conditions are manifested in the form of widespread influence of the vestiges of feudalism and small-scale production. This gives a striking resemblance between the bureaucratism today and that of the past.

The resemblance lies in that both modern and past bureaucratism relied heavily on one person's rule. There are also similarities in terms of expressions and social consequences. For example, some cadres are far above everybody else. They are divorced from the reality and the masses. They are accountable to their superiors only, not to the people. When handling a case they try to read the minds of their superiors and appease them. Some cadres are very bureaucratic and imperious. They always attack or revenge others. They suppress democracy,

recruit their relatives or friends to the government service, form cliques, or even take bribes, extort, and blackmail. Or they use all kinds of excuses to travel on business. Some cadres like extravagance and tell lies. Their thinking is ossified and they just stick to the beaten track. They just listen to reports but do not try to find out what actually happened. They engage themselves in documents and meetings but avoid responsibility when something has happened. In addition, the organizations are bulky and the departments too numerous. Positions are created to fit people and offices are overstaffed. When something has happened people just try to throw the responsibility onto each other. All these have counterparts in history. The danger of bureaucratism today lies not only in low administrative efficiency, but also in its leading to corruption. It will gravely hinder the construction of socialist modernization and hurt our national and racial image. In spite of this, the times have changed. We have long overthrown the exploitative feudal system and built the socialist system. There has been fundamental change in the social conditions and basis which supported bureaucratism. If ancient bureaucratism was an inevitable partner of feudal bureaucratic politics, modern bureaucratism can only be a tumor which exists like a parasite on the socialist system. Theoretically, bureaucratism is incompatible with the socialist system. In practice, however, the establishment of the socialist system could not possibly have immediately eradicated the ideology of the old society. In addition the socialist system is not perfect and we committed mistakes in our work. Therefore bureaucratism penetrated and became a disaster. History shows that the reform of the social system and the evolution of the traditional political system are two different concepts. The establishment of a socialist system does not mean the political system has become scientific. In fact, for a long time we were convinced that the socialist system and the planned administrative system must implement a highly centralized policy in the economy, politics, culture, and society. Under a unitary leadership it became overly centralized. In the personnel system we did not follow the principle of open examination and selection based on merit. In administration we lacked scientific and systematic administrative regulations. We also lacked a democratic concept. There were no channels for democracy and no strict supervisory measures, etc. All these became conditions that facilitated the breeding of bureaucratism. Therefore, ancient and modern bureaucratism differ not only in degree. The former coexisted with feudal bureaucratic politics and was insurmountable. The latter has encountered its arch enemy—the socialist political system, which incessantly reforms and perfects itself.

In conclusion, at the initial stage of socialism, we must carry out the task of fighting bureaucratism. Fundamentally speaking, we must carry out the reform of the economic system in great depth; actively develop our social productivity, develop the socialist commodity economy, explore international and domestic markets,

thoroughly eradicate the natural economic and semi-natural economic sectors, and raise the level of socialization of production. Meanwhile, we must adhere to the reform of the political system; strengthen the construction of socialist legislation; thoroughly change the wrong practice in which the ruling individual overrides the law; improve the socialist supervisory system; build socialist democratic politics with Chinese characteristics; introduce the state civil service system; and make an effort to overcome the influence of the vestiges of feudalism and small-scale production, to obtain the best results.

**On Reading *An Outline History of the Relations Between Communist International and the Chinese Revolution***

HK1510063188 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 39-41

[Article by Gao Fang 7559 2397 of the People's University of China]

[Text] Many comrades know that the relationship between Communist International and the Chinese revolution was a very close one. However, for a long period this has been a forbidden area where our theoretical workers have loathed to tread. This has led to where quite a number of cadres have only a hazy idea and do not really understand major questions such as how Communist International aided and harmed the Chinese revolution, and how the CPC, in resisting the mistaken interference of Communist International, independently explored the road for the Chinese revolution. Since the 3d Plenary Session of the 11th CPC Central Committee, many experts have, in accordance with the principles of liberating thought and seeking truth from facts, carried out deep research on this topic and have achieved pleasing results. Apart from the translation and publication of original source material in foreign languages, monographs expressing scholars independent ideas and viewpoints have been published. In recent years, we have seen the publication of: Yang Yun-ruo [2799 0061 5387] (ed.), *Events in the Relations Between Communist International and the Chinese Revolution*; <sup>1</sup> Xiang Qing [0686 7230], *A Summary of the History of the Relations Between Communist International and the Chinese Revolution*; <sup>2</sup> *Collected Essays on the Relations Between Communist International and the Chinese Revolution*; <sup>3</sup> Xu Junji [6079 0193 1015], *A Brief History of the Relations Between Communist International and the Chinese Revolution*; <sup>4</sup> and Chen Zaifan [7115 0375 0416], *Communist International and the Chinese Revolution*. <sup>5</sup> Assistant Professor Sun Wuxia [1327 2976 7209] of the Shanghai Normal University has drawn on the research achievements of the academic world and, on the basis of several years of teaching and research, compiled *An Outline History of Relations Between Communist International and the Chinese Revolution* and this has been recently published by HENAN PEOPLE'S PRESS. This work is not only useful as a textbook, but also suitable as reading material for all cadres.

The *Outline History* has 12 chapters. It separately treats the relations between Communist International and the Chinese revolution in the following four periods: the period around the founding of the CPC; the first revolutionary civil war; the second revolutionary civil war; and the period of the war of resistance against Japan. Details of the relationship from 1919, when Communist International was founded and two Chinese labor representatives who were visiting Russia participated in the first Congress until after Communist International was dissolved in 1943, when CPSU leaders continued to interfere in the Chinese revolution, are all noted in this book.

The book provides accurate and full data on how Communist International successively sent 10-plus representatives to China as well as their activities, on Communist International's stand and resolutions on the Chinese revolution, on the dealings and the differences between Communist International and the CPC, and on how the CPC resisted the mistaken ideas of Communist International and independently created the road for the Chinese revolution. The book further includes seven appendices, one of which provides a summary of events.

On the basis of long-term personal experience, Mao Zedong made the following summation of the role of Communist International in the Chinese revolution: "At the two ends it was good, but in the middle it was poor." The fact that it was good at the two ends did not mean that it made no mistakes in those periods, while being poor in the middle did not mean that there were no achievements in that period. This book uses many specific materials to explain: In the beginning, Communist International promoted the establishment of the CPC and helped the CPC formulate a democratic revolutionary program as well as strategies and policies. It also guided the CPC to make the decision to join the KMT, promoted the first KMT-CPC cooperation, supported the Guangdong Revolutionary Government and the Feng Yuxiang national army, and supported the National Assembly Movement. In Moscow, it established Zhongshan University to train revolutionary cadres for China, clearly showed the orientation for the Chinese revolution and guided the Northern Expedition. These were early-period achievements of Communist International in assisting the Chinese revolution. The increasingly rightist development of the Communist International representatives and the policy mistakes made by Communist International in 1927 when the Chinese revolution was at a critical juncture, fostered Chen Duxiu's rightist opportunism and promoted defeat in the first revolutionary civil war. These were the mistakes in the early period. During the middle period, the mistakes of the Communist International representatives and the "Leftist" tendency of Communist International's guiding ideology were the root of the "Leftist" lines which appeared within the CPC on three occasions, and which led to setbacks and defeat in the second revolutionary civil war. At the same time, Communist International did help the CPC's Sixth Congress to sum

up experiences and unified understanding on the nature and the situation of the revolution as well as strategies of struggle. It also supported the decisions of the Zunyi Conference and Mao Zedong's leadership. This shows that among the mistakes, there were also achievements. In the latter period, the Seventh Congress of Communist International in July 1935 corrected the mistakes of the "Leftist" line and put forward the strategic policy of an anti-Fascist united front and decided that in general it would not directly intervene in the internal organizational matters of the parties in the various countries. On this basis, it approved the issue of the "1 August Manifesto" by the CPC delegation and encouraged the CPC to formulate a policy of a national democratic front for opposing the Japanese, supported the struggle of the Chinese people against the Japanese and highly appraised Mao Zedong's correct leadership. All these were achievements. At the same time, Communist International maintained a completely negative attitude towards the Xian Incident and, in a period in which Chiang Kai-shek had not ended his "suppression" of the Communists, prematurely put forward the idea of joining with Chiang against the Japanese. Also, it wanted that the alliance with Chiang against the Japanese be an unconditional one. This subsequently fostered Wang Ming's rightist capitulationism. In the Southern Anhui Incident, Communist International continued with its rightist tendencies and in Yenan Communist International representatives kept watch on the CPC and made an unfactual report on the CPC to Communist International. This led to where the Communist International leaders mistakenly believed that the rectification movement in Yenan had damaged the party's Bolshevik principles and was striking at Internationalists who were supporting the Soviet Union. After Communist International was abolished, the former Communist International general secretary continued to issue suggestions on CPC internal matters. It can be seen that in the latter period, Communist International made many mistakes in the area of the Chinese revolution. In brief, this book can help readers to correctly understand Mao Zedong's assessment of the two ends being good periods, but the middle being a poor one. Personally, I believe that we can say that in the relationship between Communist International and the Chinese revolution, in the early period the achievements exceeded the mistakes, in the middle period, the mistakes exceeded the achievements and in the latter period there were an equal number of achievements and mistakes. This book gives much space to recording the twists and turns of the process by which the CPC resisted the mistaken ideology of Communist International and independently explored the road for the Chinese revolution. This process can be said to have involved three stages of emergence, growth and completion. In the years 1924 to 1927, on questions of the leadership of and the impetus for the Chinese revolution, the CPC members Deng Zhongxia, Mao Zedong, Zhou Enlai and Qu Qiubai combined Marxism with China's reality and made known independent ideas different from those of Communist International. The author's view is that: "Mao Zedong Thought sprouted in the

opposition to Communist International's mistaken tendencies." After the great revolution failed, the CPC members, represented by Mao Zedong, began to break away from the fetters of Communist International's theory of using the cities as the center and, in revolutionary practice, resisted and corrected the mistakes made by Communist International on the question of the road of the Chinese revolution. They created rural revolutionary base areas and formed the new Chinese revolutionary theory of using the rural areas to surround the cities. At the Zunyi Conference in 1935, for the first time our party, in a situation where it was losing international contacts, shook off the unnecessary interference of Communist International and completely and independently used Marxist principles to resolve problems of party line and policies and the constituency of the leadership. At the same time, it also ingeniously and in a timely way, obtained a relationship with Communist International and gained its support. In the period of the War Against Japanese Aggression, our party further combined Marxism and our country's actual situation and, achieving the first leap in ideological understanding, produced the theory of the new democratic revolution. Through the party rectification movement in Yanan, the pernicious influence of dogmatism was eliminated and thereby Mao Zedong Thought was accepted by the broad masses of cadres. If we say that the 10 years of civil war and the War Against Japanese Aggression were formative periods, then the period of the war of liberation was the period in which independent decision-making with the initiative in the hands of the CPC was completely achieved. In this period, our party formulated the general line of the new democratic revolution, continued to resist the interference of the CPSU which had continued after the dissolution of Communist International, and firmly led the struggle to achieve nationwide victory in the Chinese revolution. From the history of the relationship between Communist International and the Chinese revolution, we can clearly understand that: Although a proletarian revolution in a country requires international support, the crux lies in the proletarian political party of that country being able to proceed from the actual situation in the country and carry out exploration independently with the initiative in its own hands. International support must not harm independence or the retention of the initiative in one's own hands. Being independent and keeping the initiative in one's own hands requires resistance to international interference. In the period of the democratic revolution, the history of the exploration by our party—Independent and with the initiative in its own hands—of a revolutionary road with Chinese characteristics allows us to further understand: How important it was and how great the significance of combining Marxism and our country's actual situation, achieving the second leap in understanding and exploring the road for building socialism with Chinese characteristics.

Why did the guidance of Communist International on the issue of the Chinese revolution alternate between the "left" and the "right" over a long period? Apart from the

fact that Communist International was divorced from China's reality and it did not really understand China's actual situation, the major reason was that the CPSU all along occupied the leading position in Communist International. Thus, the world revolutionary strategies of Communist International had, as their starting point, the safeguarding of the interests of the Soviet Union, and in its policies it used the CPSU positions as the basic standpoint. It was in order to improve the Soviet Union's isolated situation that, after the European revolution reached a low tide in 1923, Communist International was anxious to raise a revolutionary high tide in the East, in China. Also, at that time, the CPC had just been founded and its power was very weak. Thus, Communist International put excessive hopes in the KMT. It thereby made the mistake of accommodating itself to rightist inclinations of the KMT. In 1927, after the defeat of the great revolution, the CPSU and Communist International were anxious to raise a new revolutionary high tide in China. They wanted to overthrow the reactionary rule of the KMT in one blow and this resulted in the CPC leaders making "Leftist" mistakes on three occasions. Unfortunately, the book does not specifically detail the substance of this. Thus, it seems rather weak on its inquiry into the international origins of Chen Duxiu's rightist line and the three "Leftist" lines during the 10 years of civil war. (It is only when it notes the rightist mistakes during the war against the Japanese that the book mentions the substance.) Also, the book's appraisal of some historical events and historical personages is not sufficiently specific. For example, in 1929 under the instigation of the imperialists and the KMT government, a Northeast local warlord used military force to take over the Chinese Eastern Railway which was jointly managed by China and the Soviet Union, arresting and driving off the Soviet Union's staff. This produced the "Chinese Eastern Railway Incident." At that time, Communist International required the CPC to "defend the Soviet Union with arms." However, Chen Duxiu expressed objections to this call, and instead put forth another call, to "oppose the KMT policies on the Chinese Eastern Railway which are harming the country." The book only objectively introduces the contention between the two calls over the "Chinese Eastern Railway Incident" and notes that according to the resolution passed by the CPC Central Committee which expelled Chen Duxiu and others from the party, Chen Duxiu's stand was entirely one in the spirit of bourgeois nationalism, a view absolutely unacceptable to the proletarian national revolutionary viewpoint and class viewpoint. However, it does not point out that at that time Communist International held a biased view on this question. Communist International ignored the agreement that the Chinese Eastern Railway would be jointly managed by China and the Soviet Union and that finally it would be redeemed by China, and only demanded that the CPC "defend the Soviet Union with arms." It was purely concerned with the interests of the Soviet Union and ignored China's national interests. At that time, the correct stand would have been to oppose the KMT's anti-Soviet policy and adhere to the principle by which

China and the Soviet Union would have jointly managed the railway. Also, when the book notes the time in 1928 when Bukharin, as a secretary of Communist International, gave instructions on the question of the Chinese revolution during the Sixth Congress of the CPC, it only objectively introduces Bukharin's ideas and does not carry out specific analysis. It does not look at whether he was right or wrong. It should be said that at that time, Bukharin believed that in its nature, the Chinese revolution was still a bourgeois democratic revolution, and that in the future it could turn into a socialist revolution. The task at that time was not to seize state power, but to store up strength and wait for the revolutionary high tide. These ideas were all correct. He also criticized the mistake of opportunism within the CPC. This was also correct. However, this was not the only cause of defeat in the great revolution. Bukharin also criticized mistakes by Borodin and Roy, but he did not speak of the problems in the guidance provided by Communist International itself. Bukharin proposed that in the low tide period of the revolution, the Chinese Red Army should be spread out and not centralized, because if it was centralized, it would harm the interests of the people and mean that all their livestock would be eaten. This had an aspect of truth to it. It was only his requirement that the high-level cadres leave the Red Army and his intention to send Zhu De and Mao Zedong to study which were wrong. Bukharin also criticized Zhang Guotao and Qu Qiubai, saying that they were quarreling intellectuals and wanted to select worker cadres to replace them. "These words had a very bad effect both at that time and thereafter, resulting in antagonism between worker cadres and intellectual cadres." <sup>6</sup> The book also fails to mention some Communist International leaders who were very closely related to the Chinese revolution. Zinoviev, who was the chairman of Communist International from 1919 till 1936 expounded a great amount on the Chinese revolution. For example, in 1925, he first noted that the Eastern nations and colonial states could take the socialist road before the developed capitalist states of Europe. He also published an article "The Significance of the Shanghai Incident in World History" in which he warmly praised the brave struggle of the Shanghai workers in the "May 30 Massacre" and held that "the Chinese proletarians stand in the front ranks of the struggle by the world proletariat" and "We must wholeheartedly stand beside the Chinese workers." <sup>7</sup> In a report to the Sixth Expanded Session of the Communist International Executive Committee in 1926, he paid particular attention to the Eastern question and pointed out: Now there has appeared an extremely important factor—the Chinese movement. The almost complete dearth of research in China on Zinoviev has led to where this book fails to mention these things. Also, some historic personages have used other names. For example Bo Gu [0590 0657] was Qin Bangxian [4440 6721 2009], Luo Fu [3157 3940] was Zhang Wentian [1728 5113 1131] and Luo Mai [5012 6701] was Li Weihan [2621 4850 3352].

When using the aliases, the book does not note this point. In this way, some comrades who are not very familiar with party history might think that they are references to other people.

#### Footnotes

1. CHINA SOCIAL SCIENCES PRESS, 1983.
2. GUANGDONG PEOPLE'S PRESS.
3. SHANGHAI PEOPLE'S PRESS, 1985.
4. BEIJING PRESS, 1986.
5. CENTRAL CHINA NORMAL UNIVERSITY PRESS, 1987.
6. "Selected Works of Zhou Enlai" Volume 1, PEOPLE'S PUBLISHING HOUSE p. 181.
7. PRAVDA, 7 June 1925, p. 1.

#### Some Major Views Concerning Price Reform in Theoretical Circle Discussions

HK1210062588 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 42-44

[Article by Wu Jian 0124 6015; passages in boldface as published]

[Text] At present, China's theoretical circle is having a heated discussion on price reform. I list below some major views on the issue:

##### I. On the Objective of Price Reform

Some comrades pointed out that it seemed that the 9-year old price reform gave people an impression of price rise, which caused them to query the initiative and objective of price reform. There are three different points of view on this issue.

The first one held that **from start to finish, the objective of price reform was to reform the irrational pricing structure, readjust and rationalize various types of price parity and price difference, and to establish a scientific, rational and flexible form of pricing management**. Specifically speaking, it is to adopt a management pattern in which three types of prices, namely the price fixed by the state (fixed price), price under the state guidance (set price or floating price) and the market price, coexist; to gradually narrow the scope of fixed price, and to establish a pricing structure based on the set price and market price, so that the commodity price would reflect both its value and the supply-demand relations concerning it. Those who upheld this viewpoint argued that: Over the past decades, China's pricing system had, because of various reasons, developed some seriously irrational phenomena which were mainly: (1) The irrational price parity among different commodities, in particular, the excessively low

price of primary products such as minerals, fuel, and raw materials versus the excessively high price of industrial products for processing, so that the price scissors of industrial and agricultural products widened. (2) the irrational form of price management. It was excessively centralized and marked by simplicity so that prices were under excessively rigid control and we could not promptly change the prices according to changes in the cost of commodities and their supply-demand relations.

The second one held that **the objective of price reform was to completely open the procedure of pricing, and to establish a controlled market pricing pattern**. The characteristics of this pattern are: (1) The main subject responsible for fixing prices is enterprises. (2) The main form of pricing is the negotiated prices between the state and legal persons and among legal persons. (3) The state controls prices mainly by indirect means. This viewpoint is the one based on ideal market conditions. This is because the theoretical circle still has not explained clearly their standards for rationalizing prices. Obviously, the theoretical price, which is an estimate of the sum of the balanced cost of society plus rational profits, is not convincing enough. Therefore, the result of repeated readjustment of the pricing structure did not optimize it. Rather, it brought about the spiral increase of price. For instance, after the price of raw materials was increased, the processing industry raised the price of its products without assimilating the increase, so that their price parity returned to the initial state or even worse. In agriculture, new forms of irrational price parity developed because some products were open to the market while some were subject to state control. There was double distortion in the dual pricing system of the means of production, that is, the parity and negotiated price reflected neither the value nor supply-demand relations. Moreover, the difference between the two was so great that the price was pushed up.

The third one held that **the objective of price reform was not on the readjustment of pricing but to reform its operation mechanism, and, through price reform, to promote an in-depth reform of the structure of enterprise ownership, so as to clarify the right of ownership and make enterprises really assume their own responsibilities**. Its reason is that the present market mechanism is imperfect and the functions of the market and government are incorrectly placed. Originally, the pricing structure should be readjusted by the market, while the overall price level should be controlled by the government. But now the government controls the pricing structure so rigidly that most commodity prices are subject to state control. Therefore, the distorted prices become a distorted market mechanism, which has made monetary and financial breaches and eventually pushed up the overall price level. The key to solving this problem rests with the capability of market control rather than the government control. As the market cannot allocate the resources, there is hardly a real readjustment of supply-demand relations. Consequently, the government cannot but replace it. Therefore, we must carry out

coordinated reforms. In particular, we must reform intensively the system of enterprise ownership, and form a rational market mechanism. In addition, the price reform can guide us to realize at an earlier time the establishment of a new economic system.

## II. On the Thinking of Price Reform

Most people held that it was impractical to center our reform of economic structure on price reform. The problem before us now is an excessive supply of currency, a sharp rise of overall price level, and the increasingly acute irrational price parity. The following includes some ways of thinking on how to develop an in-depth price reform and to establish a new economic operation mechanism under these circumstances:

**1. Under the present circumstances in which currency is excessively supplied, we should postpone the price reform and check the price increase by strengthening the administrative management.** This kind of thinking prefers the adoption of administrative means to tighten the price control. Comrades who advocated this kind of thinking held that under the circumstances in which currency was excessively supplied, the adoption of a policy on tightening the monetary supply marked by the suppression of demand would have an impact on production, which would eventually promote another round of price increases. Due to the rigid requirement that a construction project could be started but could not be suspended, and that the wages of enterprise workers could be increased but could not be reduced, the adoption of such a policy would reduce the amount of working capital for maintaining normal production, thereby undermining production and intensifying the contradiction between supply and demand. Therefore, in order to stabilize the price, we must check the price increase by means of administrative management, which is the only way out. Nevertheless, some people held that under the circumstances that the overall price level was raising, to control the price of those important products by administrative means could only further distort the price parity and brought about incorrect allocation of resources. This was because we might be confused by inefficiency and the exaggerated growth rate before the contradiction was made known to the public, so that we could not promptly work out measures for readjustment, which would magnify the extent of distortion.

**2. Under the present circumstances in which the monetary supply is expanding, we should actively carry out price reform.** To a certain extent, this kind of thinking prefers the practice of realizing the goal of gradually opening the prices to the market by means of inflation. Comrades advocating such a viewpoint upheld that the macroscopic policies of the state should be aimed at stabilizing prices—that is policies concerning demand; and be gradually replaced by the goal of maintaining the economic growth and conducting structural readjustment—that is policies concerning supply. It is inappropriate to adopt a "doubled rigid" policy toward fiscal and financial matters. Rather,

we should maintain an appropriate level of expansion. They advocated that we should make use of the inflation policy to promote compulsory savings of national revenue so as to accumulate funds for industries. At the same time, we should increase the workers' wages in order to offset the price increase, and achieve the goal of gradually opening the prices to the market. However, some people pointed out that a monetary policy of a expanding nature would bring about the coexistence of demand inflation and a large accumulation of purchasing power that has yet to be realized. If we readjusted prices on a large scale, opened the price of some commodities to the market and, in respect to this, increased wages as a means of compensation, it is highly likely that it would develop a vicious cycle of spiral increase between wages and prices, thereby further intensifying inflation. When the price of commodities reached such a high level that no consumer could bear any longer, another wage freeze would be imposed. Such spasmodic change in prices does no good to the operation of a healthy economy and to the effective allocation of resources.

**3. Under the prerequisite of checking inflation and stabilizing prices, we should cautiously carry out the price reform.** Comrades advocating this practice upheld that we must first check inflation in order to carry out price reform. Under the circumstances of inflation, prices remained irrational despite our efforts, and the phenomenon of distortion would only become more serious, so that no country was able to rationalize its prices amidst the influence of inflation. Moreover, proceeding from the experience of many industrialized countries and developing countries in handling the relations between inflation and economic growth, economic growth was, except for in some cases, not stimulated by inflation. On the contrary, it brought about negative results. At present, most people hold this viewpoint. They held that checking inflation was the principle of checking and alleviating the situation in a single step, so as to control the difference between aggregate supply and aggregate demand within a certain extent. The specific approaches are:

- (1) To use the monetary policy, as well as fiscal and taxation policies, to control the overall level and readjust the structure, so as to check the demand and settle problems concerning the imbalanced aggregate level between supply and demand.
- (2) To directly or indirectly link the price index to wages, so as to offset the influence brought about by the price increase.
- (3) To attract deposits by offering a bank interest rate higher than the rate of price increase, so as to encourage savings while checking the demand.
- (4) To intensify reform in a selective manner. We should check those areas on which much money is spent and which may stimulate an inflation of demand. We should strengthen reform measures for areas in which the market situation is tense. We should act cautiously when

introducing new measures. Those reform measures that help achieve better economic results, improve the supply-demand structure, and withdraw surplus currency from circulation should be first introduced.

However, people held different viewpoints on the issue of ways of conducting price reform under the circumstances of checking inflation and stabilizing the prices.

One of the viewpoints held that **reform of enterprises was a precondition for price reform**. Instead of a simple processing of price readjustment, price reform is the change used in the pricing mechanism, that is, the establishment of a controlled market pricing pattern and the substitution of fixed price by the market price. This requires a perfect market mechanism for readjustment, and enterprises are both the receiver of market signals and the subject of market activities. In order to ensure an effective operation of the new economic mechanism, we must firmly grasp reform of enterprises, implement and perfect the "contract system." We should concentrate our efforts on the price reform after the operation and management organizations of enterprises are basically replaced. In the past two years, as a result of implementing the enterprise contract system and mobilizing the initiative of staff and workers, enterprises absorbed the increase in the price of industrial and mining products, raw materials and that in nonstaff food allowance, which contributed to between one-third to two-thirds of the factors for the price increase. It was originally expected that after the market was established and the prices were open to the market, enterprises would promptly expand their equipment to boost their production, which would eventually press the price down. But the current limitations on investment, planning, and goods and materials prevent enterprises from boosting their output. As enterprises become unable to react to changes in the pricing signals, this has violated our original intention of price reform.

Another viewpoint held that the price reform should continue to uphold the goal of rationalizing the pricing structure, and should be carried out in a comprehensive approach of "readjustment, control and opening up." By "readjustment," it means a systematic rationalization of price parity and price difference of commodities. On the one hand, we should readjust the price of commodities that was set excessively low or high; and, on the other, we should use pricing as a powerful economic lever to rationalize the industrial structure and the structure of production, so as to gradually alleviate the supply-demand structure. By "control," it means the use of administrative power to control the price of some important products, so as to stabilize the prices. By "opening up," it means the practice of opening one by one to the market the pricing of commodities that have been fully considered. Except for products and services which have a great bearing on the national economy and people's livelihood, we should open the price of all commodities to the market.

The third viewpoint held that **it was necessary to adopt corresponding and coordinated price, financial and taxation reforms**. Centering on the price reform, we should carry out reforms in the fiscal, taxation, circulation and financial areas and form the basic framework for our new economic structure. To realize the price reform is the necessary condition, though not a mandatory one, for ensuring the efficiency of the new economic mechanism. While formulating various reform measures, we should carry out corresponding reforms in enterprises, taxation, finance and domestic and overseas trade. Only thus can we really put an end to the predicament of price reform.

### III. On Steps of Price Reform

Our experience in carrying out the price reform shows that it is a risky social engineering project that must be implemented in stages and with focal points. Some of the viewpoints of this are as follows:

- (1) Some held that **we should first stress readjustment and then opening up, and rationalize prices by making progress at a modest level**.
- (2) Some held that **we should integrate readjustment with opening up.** "We should act in the light of the situation and pay attention to the development of market organizations under the influence of price reform.
- (3) Some held that **we should uphold the practice of "stressing opening up" or that of "opening up without readjustment," and stress the role played by price reform in the market mechanism.**
- (4) Some held that **we may open up the prices to the market by the approach of "making ripples."** In other words, we should first open up the prices to the market of a certain area, while the price level of other areas is to remain unchanged through the use of administrative means, so that commodities from the lower district would flow to the top one and currency would flow from the top district to the lower one. As a result, the price level will remain stable. Later, we may gradually open up such prices to markets of the lower district and then to its lower ones.

**An Opinion Differing With the Expression  
'Enlivening Land-Use Rights in Rural Areas'—A  
Discussion With Comrade Li Qing**  
HK1510055788 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Sep 88 p 44

[Article by Tie Wen 1586 2429 of the Guangling County People's Government of Shanxi Province]

[Text] The 1988, No 3 issue of QIUSHI carried an investigative report entitled "An Attempt at Enlivening the Land-Use Rights in Rural Areas" by Comrade Li Qing. I believe that the expression "enlivening" is an inappropriate expression in regard to land-use rights in

rural areas. The main form of expressing land-use rights in rural areas is the output-related family contract responsibility system. The party's policy is to stabilize the output-linked family contract responsibility system and to extend the land contract periods. The practice of 10 years of reform in the rural areas has proven that this policy is completely correct, it has brought into play a great force in the rural areas, and it has realized widely-recognized achievements.

Land is a special means of production and when peasants use land it is not like using other commodities. It requires a long period of accumulated labor and the input of the peasant's great efforts and sweat. If land-use rights are regularly changing hands, the peasant's contracted land will not have any relative stability. This will not be of benefit to the development of the land, nor to the stability of people's hearts. There is a popular saying: "Officials do not build offices and customers do not build shops." The result of constant changes in land-use rights will be that the relationship between peasants and the land will change into one of a relationship between a customer and a shop. Cultivating land and looking after the land are the tasks of a shop-owner. If the land contractor's operate one year at a time, their will be no sense of stability, and this would be extremely dangerous.

In the last few years, there have appeared in society phenomena such as "the auctioning of land," "land mortgage contracts, leasing contracts, and the tendering of contracts"; "implementation of the two fields system"; and "large pooled households." Under the pretext of "regionalized planting" land-use rights have been arbitrarily changed "to resolve the problem of land being farmed in strips or small or dispersed plots" and "facilitate mechanized operations," in situations where peasants are unwilling to participate. This has resulted in peasants having a feeling that the land around them is freely subject to change. Because peasants are afraid of change and afraid that their input will be wasted, very few are doing any water conservancy work, basic field construction or carrying out production condition changes. This has resulted in plundering-type operations in which only the present is considered and there is no concern for the future. In the last few years, the drop in grain production has been of a large scale and some people have said that: "The role of the responsibility system has finished." If it is thought that an avenue can be found by proceeding from enlivening and changing land-use rights, the result will only be one opposite to that hoped for and the gains will not meet the losses. This is one of the causes of the fluctuations in agriculture in recent years.

It is only when the income that peasants earn from engaging in nonagricultural industry exceeds the income they earn from planting their fields, and they willingly want to return the land they have contracted, that it will be possible to realize specialized production with large-scale operations and the centralization of land in the hands of skilled farmers. This is an objective process of

development. Here an important principle is: We must respect the wishes of the masses. We certainly cannot engage in "official will," or pull at seedlings to make them grow and thereby bring about a recurrence of the practices seen in history where there are blind changes first one way and then the other with no concern being shown to the wishes of the masses. Our country is huge and the conditions vary enormously. We certainly cannot blindly copy the methods written down. Deep reforms in the rural areas should place stress on stability and perfecting the output-related family contract responsibility system.

"One year of farming and then two of disorder." At present, the most important thing is to give the peasants a sense of stability and fairly stable land-use rights. In appraising the benefits or otherwise the expressions "enlivening" and "stability," it must be said that the former can easily give rise to mistaken understandings among the peasants. Only the latter can safeguard the value which the peasants invest in the land. The article "An Attempt at Enlivening the Land-Use Rights in Rural Areas" shows that the vast majority of the peasants do not want to see readjustment of land. This is absolutely in accord with the reality in the rural areas. The contents of this investigative report have the stabilization of the output-related family contract responsibility system as their main part, but the title is about enlivening land-use rights. The contents do not tally with the title and many mistakes are thus possible. The 1984 No 1 Document of the CPC Central Committee clearly stipulates: "The land contract period should in general be over 15 years." That is to say, the land-use rights (contract period) must extend at least 15 years without change. Thus, while deepening the reforms, we need to place much stress on stability. Only thereby will we be able to encourage the peasants to increase investment and improve soil fertility.

#### Extravagance and 'Poverty'

HK1510074188 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Sep 88 p 45

[Article by Shi Mang 0670 5462]

[Text] In today's society the tendency towards extravagance is extremely serious.

The situation is often seen where young people earning about 100 yuan a month spend 10,000 yuan on their wedding. And this is not only in the private realm. Organs, units and groups use public funds to entertain guests, send presents, and go on trips. The extravagance is the same. Buildings, halls, offices and residences are becoming daily more ornate and sumptuous. People are increasingly stressing sofas, air-conditioning and cars. Ostentation and extravagance, competition in styles and expenditure and the seeking of enjoyment, the spending of ten thousand, one hundred thousand, a million, have become common phenomena. Social group purchasing

power, which reflects the level of expenditure by organs, units and groups was, according to statistics for last year, 55.3 billion yuan, more than two times higher than the expenditure on education for the year. In the first half of this year, the figure has again risen, and the situation is truly frightening!

Thus the relevant units issued repeated rules and instructions in order to strictly control social group purchasing power. However, the instructions and prohibitions were not effective.

Thus, specific stipulations were set down. For examples, when entertaining guests, the meal was limited to "four dishes and a soup." However, for any order which comes from above, there is always a countermeasure below. The four dishes have changed from chicken, duck, fish and pork to prawns, eels, crabs and turtle; and then to sea cucumbers, dried scallops, sharks-fin and civet. The "four dishes" are still four dishes, but the cost of entertaining guests has risen rather than dropped.

What is to be done? These matters do not affect me, but I sometimes find myself involuntarily having all sorts of fears.

In Summer of this year, the Jiangnan area had sweltering weather and temperatures of almost 40 degrees. This lasted for over 20 days. The heat was such that people streamed with sweat, were panting all day long, and were unable to do anything. People say "If your heart is at ease, you will naturally be cool." Thus, all I could do was to take out some string-bound books which had escaped the "great catastrophe" and read, thinking that thereby I could calm the heart and keep cool.

I was reading a string-bound book published 37 years ago. The slip case was covered in blue silk, and both the paper and the printing were of good quality. The book was *Beloved China* a work written by the martyr Fang Zhimin and published posthumously. It comprises two pieces of prose written by the martyr when he was in jail. Not long after liberation, in order to commemorate him, the martyr's hand-written manuscripts were reproduced by photolithography. I had read this book before, but this time when I reread it, I had like before a thirst for sweet nectar to soothe my heart. In the jail, the author wrote:

"I have been engaged in the revolutionary struggle for over 10 years. In this long struggle, I have always lived a simple life and never been extravagant. The funds which have passed through my hands have been in the hundreds of thousands, but every small amount of money which had been raised for the revolution had to be used for the revolutionary cause. The great men of the KMT found this very strange and thought that I was exaggerating. However, remaining restrained and conscientious and ignoring one's own interests for the public good are the excellent moral characteristics of every Communist Party member.... A scant and simple life is the reason we revolutionaries are able to overcome many difficulties!"

These sincere and incisive words which this martyr had written before his death caused me to ponder for a long time, and to awaken to a principle: When tendencies of extravagance are encountered in society and there is a need to control social group purchasing power, orders are issued. However the orders fall on deaf ears. When the regulations are set down, people overtly agree with them but covertly violate them. What are the causes of this? It seems that one of the major causes is that some Communist Party members have lost or never had the excellent moral characteristics of "remaining restrained and conscientious and ignoring one's own interests for the public good," and have lost or never had the spirit of "every small amount of money which is raised for the revolution has to be used for the revolutionary cause." Thus if we want to resolve the tendencies of extravagance as well as the use of power for personal ends, and the use of public funds to benefit oneself, which are seen at present in society; the issue of orders and the setting down of rules is extremely important. If the strict demands on party members for honesty, morality and giving one's all are looked on lightly or even ignored; and if the great efforts to raise the revolutionary consciousness and noble spirit of party members are looked on lightly or ignored, then what we will see in actual life is a situation where the "evil forces continually hold sway over the good!"

Some people may say that it is now the 1980's, that society wants to become prosperous and individuals also want to become prosperous, and that the "poverty" spoken of by Fang Zhimin in the 1930's has already become obsolete and is an outworn concept.

I am someone who has lived from the 1930's to the 1980's and I do not think that the "poverty" spoken of by Fang Zhimin is "obsolete" or "outworn." Fang Zhimin "was engaged in the revolutionary struggle" for over 10 years, and finally sacrificed his life. What was this for? It was precisely in order to seek an avenue by which poor China could have a "prosperous society and prosperous individuals." The reason he spoke of "poverty" was to distinguish the concept from "corrupt wealth" and to indicate the individual moral characteristic of Communist Party members. The "poverty" referred to meant that Communist Party members were "poorer" and suffered more hardship, that they were "purer," that they maintained a "restrained and conscientious attitude and ignored private interests for public good" and that they were willing to live a "scant and simple life." We absolutely must not, like the "great men of the KMT" who found this "very strange," take bribes and bend the law, cruelly oppress the people, and revel in a shameful life which, while "prosperous," is "corrupt."

Long ago in the 1930's, the martyr Fang Zhimin sacrificed his life. Can it be that in the 1980's, the moral character of Communist Party members has, following the passage of time, become divorced from "poverty" and now requires the seeking of "corrupt prosperity"?

### Cleaning the Pigsty

HK1510081588 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Oct 88 pp 46-47

[Article by Xin Fengxia 2450 7685 7209]

[Text] During cadre school, in all kinds of work, I was always first forward. Even when sick, I could not rest and would willingly bear the tasks. In the villages, there was much dirty and arduous work to be done, and we wanted to learn everything. Together with the peasants we studied while we worked. I remember when I was first allocated, I participated in pigsty cleaning, together with several peasants. The peasant comrades took off their shoes and waded barefoot into the stinking mud and manure, which was half a foot deep. Coming behind them, could I show fear? Here I really wanted strength to carry on! I too took off my shoes and socks and waded into the pen. In sty cleaning, it is first necessary to carry away the wet and stinking bedding straw. I carried bundle after bundle of the very heavy wet straw, and, through grasping the straw, became soaked right through. Heaven was not kind either as it started to rain a little. All the peasant sty cleaners were male comrades and they carried the bedding straw out in big bundles, and after throwing it down on the ground in a heap, turned back for another load. Thus, they regularly splashed me from head to foot with stinking muddy water. The muddy water in the sty was mixed up with pig manure and each time you took a step, you sank up to your ankle in it. It was very hard work cleaning the mud and manure out of the pigsty. With the peasants, I lifted baskets and buckets. They showed concern for me but I still found the work very tough. I was so tired! Soaked through with mud and pig manure, I felt so heavy. Hauling, toting and carrying and even using my head to carry things, I wanted to catch up with my peasant brothers. I did not want to be a burden to them. Whatever the peasants could do, I too could do. Then, as I entered the pigsty again, I vomited. This was due to the fact that I already had a serious stomach problem and was now too exhausted. The peasants repeatedly told me to rest, but I was unwilling and wanted to work on. The peasants said that my face was looking worse and worse and told me to go back. My stomach was also turning over and I wanted to vomit again. All the way on the road back home I was throwing up constantly, until finally all that was coming up was bile. As I entered the room, the team leader, a cigarette hanging from his mouth and eyes glowering, asked me: "Xin Fengxia, you are supposed to be cleaning out the pigsty. Why have you come back? Coming into the room all dirty like that. Think a little about the other people inside. How can people stand it, smelling you like that! Outside, outside... Go... Quick, get out!" I had no option but to go back to the mud and the dirt of the pig-pen and tell them that I felt better.

It is very difficult to accept it when what someone says is right, but their heart bears ill-will! Pushing myself onward with all my fortitude, I continued carrying the straw and mud. Suddenly, I slipped in the manure and the mud and found myself covered from head to toe in

pig manure and muddy water. I was helped up and sat on a brick to have a rest. I thought: "What am I to do? If I go back he will not let me inside." I asked the peasants to sprinkle some cold water from above me so that I could wash myself down. Thus, they helped me rinse myself off and an older woman gave me a bowl of sugar water to drink. When I got back, the wet clothes which had been stuck to my body had dried and when I entered the house, I dared not lift my head. I took the thermos flask and went to get some water for everyone. I also took up the broom and swept up the peanut shells which the team leader had dropped.

After cleaning the sty and spreading the earth, we changed the bricks on the ground, and took in new straw in preparation for the sow to give birth to her piglets. However, there was more arduous work to be done: whitewashing. We used a sprayer to spray the whitewash on the walls and I got sprayed all over. Whitewash contains lime which is very irritating to the respiratory system. I was affected so badly that I had blood coming out of my nose and my eyes teared constantly. I was covered from head to foot in the white powder and then this bright red blood began dripping out of my nose. While I was working I did not notice that it was blood and wiped it away thinking it was just whitewash. It was only when the blood dripped on to my chest that I realized that I was bleeding. The white and the red formed a bright contrast. All the workers were male except me and they all wanted me to take a rest, but I was unwilling to take a break. They thus told me to put on a mask and so, after putting on the mask, I continued with the work until it was finished. My body being covered in whitewash again posed a problem. How was I going to get in when I got back? I was covered in red and white, so I again used cold water to wash myself down. Two buckets of cold water and I was clean. As I went home, the wind dried my wet clothes, and even my wet shoes dried out. However, I could not go into the house as a meeting was going on. We were never allowed to enter when revolutionary cadres were having a meeting.

The method at the cadre school was that one half of the day was spent in work and half of the day was spent in carrying out the revolution. In the evening we engaged in study by ourselves, exposing each others' secrets, finding materials, listening to reports, combing the hair of "the enemy," and watching new trends of "class enemies." This meeting which was going on first criticized and denounced me; wearing a mask while working in the pig-pen, drinking sugar-water and so on were all considered extremely serious crimes. I entered the room and stood there enduring my criticism. I had worked in the morning, received criticism in the afternoon, and in the evening I was driven out of the house to write my confession, and to help carry bricks at the mess hall. During the labor period, the team leader made excuses to hold meetings and played poker with his buddies, constantly smoking and eating. Meanwhile, we "enemies" who had been subject to investigation were half dead from fatigue.

The story of my experiences working in the pigsty which is detailed above was written 10 years ago. At that time I could only write: It was proper that I got sent to the cadre school and told to do the dirtiest and hardest work—cleaning the pigsty, flattening ground, and building dikes between fields. I am grateful to those who allocated to me that work. It was a good opportunity for transformation through labor. It was the party, represented by the team leader, which helped me and which loved me dearly. I have been on the stage, sung the main parts of operas and made much money. The masses have always well-applauded me and enjoyed my operas. I have enjoyed too much of the good life and too many advantages. It is appropriate that I suffer a bit in the cadre school and pass tests. Although I wrote like that at the time, it was not what was in my heart. I really hated the cadre school. Now I think it is time to tell the truth, time to completely negate the "Cultural Revolution," and time to enjoy the freedom to write which has been won at a high price. A popular artist who has studied writing wants to write about the true face of those times and write about the true situation at the cadre school. Only thus will she not feel in debt to the present times and only then will she be a performer who has truly been educated by the people. In these new times, which advocate respect for people, concern for people, trusting people, and cherishing people, I have obtained a second life!

**Melding History and Literature—Reading the Novel *The Southern Anhui Incident***  
HK1610034088 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 6, 16 Sep 88 pp 47-48

[Article by Zeng Wenyuan 2582 2429 3220]

[Text] It has been over 40 years since the "Southern Anhui Incident" occurred and party history circles have different ideas on the origins and course of the incident as well as the achievements and faults, the rights and wrongs of the major leaders of the New Fourth Army. The literary circles are even more wary of this topic and very few people venture near it. Comrade Li Ru-qing [7812 3067 3237] has, with a spirit of "if one does not go through dangers, it is difficult to see new things," fixed his attention on this topic and through deep investigation and research and a long period of fermentation, has melded history and literature and created a long novel of over 500,000 characters—"The Southern Anhui Incident." At present, there is a lot of debate in historical and literary circles about this work, but I believe that this novel has great value for us in gaining understanding.

The novel describes the emergence and development of the incident and from there radiates out and more widely involves the social life at that time, revealing various factors about the incident. The New Fourth Army, as the people's armed force being led by our party, naturally would not be tolerated by Chiang Kai-shek's clique. However, Chiang Kai-shek's plot actually achieved success for a short time. This, it must be said, was related to

mistakes in decision-making by the New Fourth Army leaders. The novel uses the contradictions and disputes between Xiang Ying and Ye Ting as its major thread and, weaving in many of the contradictions of society at that time, seeks their origins and portrays these, thus forming a magnificent historical work. From this work, not only can we see the fluctuations in the political situation at that time and the arduous struggle of the soldiers of the New Fourth Army, but can also see the many serious historical tragedies which resulted from the leaders' mistakes.

Many characters appear in *The Southern Anhui Incident* and many of these are high-level people who actually existed. When portraying these figures, the author adhered to the basic viewpoints of historical materialism, carried out serious analysis of the materials he had gathered, discarded the dross and retained the essence and, working from the outside to the core, truly recreated their actions during the incident and gave them their original features. The majority of the people whom the novel details have a historical basis, but the writer does not stop at this. Rather, he has pondered deeply about how to link up the relevant materials, gone right to their core and used methods such as centralizing, summary, imagination and fabrication to depict their natures from different angles. He has been most successful in his portrayals of Xiang Ying, Ye Ting and Zhou Zikun, and achieved his own high demand that they be "both historical figures as well as artistic images."

Xiang Ying was the deputy commander of the New Fourth Army and secretary of the political committee and military sub-region committee. Previously he had been in a succession of important posts, and Stalin had once given him a fountain pen and revolver. The novel stresses how Xiang Ying's position and experiences resulted in him having a sense of historical superiority and how this led to him adopting mistaken policies on the question of the "movement north." The novel depicts Xiang Ying's attitudes and ways in a very detailed fashion. This is seen, for example, when describing his expressions and his manner as he listened to speeches in the military subdistrict committee meeting, and how he adopted an unfair attitude toward Lin Zhichao who dared to speak honestly, and then, after the force shifted, sent a telegram about the "slippery fellow" to the central committee. These incidents quite vividly manifest his headstrong nature. While Xiang Ying had many good points, such as constantly immersing himself in hard work, being willing to live a harsh and simple life, and being amiable and easy to approach, for a long period, the experiences of the "Great King of the Mountains" restricted his outlook and meant that he had a heavy small-scale peasant consciousness. His stubborn adherence to his own views not only meant that the force plunged into a hopeless situation, but also resulted in him finally being killed by his deputies.

Ye Ting was the commander of the New Fourth Army and was a famous general with a lot of experience on the battlefield. However, in the New Fourth Army, this

Northern Expedition hero "resigned four times in his three years as commander." The reason for this was his deep differences with Xiang Ying, and the tremendous difficulty in realizing any cooperation. On the political level, Ye Ting maintained unity with the party central committee, but he was not a communist party member and his correct ideas were not accepted. The novel uses such examples to reveal the contradictions between Ye and Xiang and to portray Ye Ting's calm, resolute, and firm tragic nature. After the defeat of the attempt to break out of the encirclement, Xiang Ying fled and Ye Ting took on the burden and took charge at the head of the men. This further demonstrates his lack of fear in the face of danger. The incidents whereby, being encircled, he killed his own battle horse, and, after he had been captured and Gu Zhutong was entertaining him in an attempt to gain capitulation, he made his fervent speech, even more fully and concretely demonstrate his unselfish and fearless characteristics and magnanimous heart. At the same time, Ye Ting was not free of mistakes. When the enemy surrounded them and the circle was growing ever tighter, he did not know how to adopt guerrilla strategies and instead centralized the remaining forces with their backs to the river. However, this was not a question of qualities and did not harm his reputation. Since ancient times, there has never been a tradition of speaking of the defeated as heroes. However, although Ye Ting was captured in the incident, his great loyalty to the party and his outstanding tendencies and characteristics will live forever in the hearts of the people.

The author has said that when portraying the images of these historical figures, he observed the principle of "seeking truth from facts and esteeming history." "For the noble, I did not want to particularly embellish their natural nobility and for the low people, I did not want to particularly exaggerate their natural baseness." It was with these principles that he was able to stand on today's high plane, examine these historical figures from many angles, so observe the various aspects of their characters and then dialectically unify them. It was thereby that the characters produced by his pen became so complex and so three-dimensional.

Comrade Li Ruqing has for a long period been involved in writing on the theme of revolutionary history and he has a certain influence among readers. In the last few years, he has changed the orientation of his thought and broken through ideological fences. Further, there has been a great leap in his creativity. *The Southern Anhui Incident* has path-breaking significance not only on the writer's road of creation, but also in terms of the overall genre of revolutionary history writing. It is a pleasing achievement in military affairs literature of the new period and is worth repeated reading.

### Examples of Dry Swimming

HK1610032288 Beijing QIUSHI [SEEKING TRUTH]  
in Chinese No 6, 16 Sep 88 p 48

[Article by He Feng 4421 0023]

[Text] Dry swimming is swimming without water. The comic dialogue master Mr Ma Sanli [7456 0003 4539] has said: "In the world there are those who practice swimming in bed" and we can take this as evidence of the existence of dry swimming.

Swimming in water can be classified into four styles: breaststroke, butterfly, backstroke and freestyle. The styles of dry swimming can also be given names and we cite some examples:

Having a nice cup of tea and savoring a cigarette, reading the newspaper, sitting on the rear for a while, achieving great skill in sitting around and almost achieving perfection in this. Leisured and unhurried, one swims like this all day. This is called the "bum" style.

Wandering north and then south, strolling east and then west, leisured and unhurried, one swims like this all day. This is called the "legs" style.

Reciting the maxim, "The less one does the fewer mistakes one can make, and if one does nothing at all, it is possible to make no mistakes at all," one exerts four unique skills, "pushing, pulling, kicking and wrangling" and does everything through a silvery tongue. Leisurely wagging the tongue, one swims like this all day. This is called the "mouth" style.

Always remembering the popular adage, "Do not worry about being diligent or lazy, just make sure you are not seen." In front of people, one appears to be working hard and then behind their backs, spends all one's time relaxing. Leisurely pretending, one swims like this all day. This is called the "eyes" style.

There is no lack of people practiced in each of these four styles of dry swimming, and there are also quite a number who are skilled in all four styles. However when these styles were not officially named, they were often satirized by the phrase "without a proper name, things are not official." Now, they have been given names, and the practitioners can take their places as appropriate, and stop worrying. Perhaps these four styles can be ranked as sports and at the championships, the practitioners can enjoy the happiness of contending for records. You never know.

Also, for those who admire these ways and want to learn but cannot master the main points, here is a word of advice: dawdle.

10

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, economic, military, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed, with personal and place names rendered in accordance with FBIS transliteration style.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

#### SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.